

EMCO



EMCO LIMITED
35th Annual Report 2000

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BOARD OF DIRECTORS

R. S. Jain

Chairman & Managing Director

M. A. Pandit

T. N. V. Ayyar

R. S. Shah

Director - Technical

Ashok Chindarkar

Executive Director

S. S. Jain

Jt. Managing Director

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Company Secretary

T. S. Dadlani

Auditors

P. Raj & Co.
Chartered Accountants

Solicitors

Shah, Desai, Doijode &
Phatarphekar

Bankers

Dena Bank
The Sakura Bank Ltd.
ANZ Grindlays Bank
HDFC Bank Ltd.
The Federal Bank Ltd.

Head Office

Plot No. F-5, Road No. 28,
Wagle Industrial Estate,
Thane 400 604.
Phone (022) 5830517-24
Fax (022) 5820571
E-Mail : corporate@emcoindia.com
Website : <http://www.emcoindia.com>

Registered Office

N-104, MIDC Area,
Jalgaon 425 003, Maharashtra.
Phone : (0257) 210362 / 210872
Fax : (0257) 210098.

Works at

Plot No. F-5, Road No. 28,
Wagle Industrial Estate,
Thane 400 604.

N-104, MIDC Area,
Jalgaon 425 003,
Maharashtra.

8, Nand Ghanshyam Ind. Estate,
Mahakali Caves Road,
Andheri (E), Mumbai - 400 098.
Phone : (91-22) 825 9862
Facsimile : (91-22) 825 9834

Gala No. A / 17-19, Zero Tax Indl.
Estate, Vapi - Silvassa Road,
Dadra, Dadra & Nagar Haveli, (U.T.)
Tel.: (0260) - 689 118



NOTES



NOTICE

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the Members of **EMCO LIMITED** will be held at the Registered Office of the Company at N-104, MIDC Area, Jalgaon 425 003 on Saturday, 23rd September, 2000 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- 2) To declare a Dividend.
- 3) To appoint a Director in place of Mr. Rajesh S. Jain who retires by rotation and being eligible offers himself, for re-appointment.
- 4) To appoint a Director in place of Mr. R. S. Shah. who retires by rotation and being eligible offers himself for re-appointment.
- 5) To re-appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

- 6) To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Ashok Chindarkar who was appointed as Additional Director of the Company w.e.f. 1.10.1999 and who ceases to be a Director on the date of the forthcoming Annual General Meeting be and is hereby appointed as a Director of the Company."

- 7) To Consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to that Act, consent of the Company be and is hereby given to the appointment of Mr. Ashok Chindarkar as a whole-time Director of the Company, designated as Executive Director, for a period of three years with effect from 30th October, 1999 upon the terms and conditions set out in the draft agreement submitted to this meeting and for the purpose of identification initialled by the Chairman, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreements as they, in their discretion, deem fit within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in that regard."

"FURTHER RESOLVED THAT where in any financial year, during the currency of his tenure, the Company has no profits or the profits are inadequate, it may pay him minimum remuneration by way of salary and perquisites not exceeding the limits laid down in Section II of part II of Schedule XIII to the Companies Act, 1956."

- 8) To consider and if thought fit, to pass with or without modifications, the following Resolution as special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 294 AA(2) and (3) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Financial Institution and of the Central Government the consent and approval of the company be and is hereby accorded to the appointment of M/s. Energy Equipment Distributors as Sole selling Agents of the Company for sale of the Company's product(s) throughout the territory of the Unions of India, Nepal and Bhutan for a period of five years commencing from 1st October, 2000 on the terms and conditions contained in the agreement to be entered into with them, as per the draft initialled by the Chairman for the purpose of identification and placed before the meeting with liberty to the Board of Directors of the Company to agree to such modifications, if any, as the Central Government may require and are acceptable to the Board of Directors and to the said Energy Equipment Distributors."

- 9) To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution;

"RESOLVED THAT" pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

- a. Substitute the following Article for the Article 167 :

167. The Company shall pay dividends as recommended by the Board of the Directors, full or pro-rata at its discretions, subject to approval in Annual General Meeting.

For and on behalf of Board of Directors

Date : 30th June, 2000.

Place : Thane.

R. S. Jain

Chairman & Managing Director



Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of special items of business is annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from 5th September, 2000 to 23rd September, 2000 both days inclusive.
4. The dividend as recommended by the Directors, if declared at the meeting will be payable to those shareholders registered in the Register of Members of the Company as on 23rd September, 2000.
5. In accordance with the provisions of Section 205A of the Companies Act, 1956 the Company has transferred unclaimed dividends for and upto the financial year 1994-95 to the General Reserve Account of the Central Government. The members who have valid claims, may submit their claims to the Registrar of Companies, Maharashtra Hakoba Mills Compound, 2nd floor, Kala Chowki, Mumbai 33, in the prescribed manner.
6. Members are requested to notify change in their address, if any, quoting their Folio number.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

Item No. 6 and 7:

Mr. Ashok Chindarkar who was appointed as Additional Director of the Company w.e.f. 1.10.1999 under Article 119(a) of the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956. The Company has already received a notice in writing from a shareholder pursuant to section 257 of the Companies Act, 1956 informing the Company about the intention to propose the resolution for appointment of Mr. Ashok Chindarkar as Director in the forthcoming Annual General Meeting.

Mr. Ashok Chindarkar was also appointed as whole-time Director designated as Executive Director for a period of 3 years from the same date.

Members are requested to approve the appointment and remuneration payable to Mr. Ashok Chindarkar as Wholetime Director.

Salary

Housing Rent Allowance : Rs. 78,000/- p.a.

Personal Accident Insurance : Rs. 22,000/- p.a.

Personal Accident Insurance : Premium not to exceed Rs. 4,000/- p.a.

The remuneration to Provident Fund, Superannuation Fund will not be included in the Computation of the ceiling of perquisites to the extent these either singly or put to together are not taxable under the Income Tax Act. Gratuity payable should not exceed half a month's salary for such completed year of services.

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephones and use of car for private purposes shall be billed by the Company to the Director.

The minimum remuneration to be paid in the event of loss or inadequacy profits in any financial year during the period of appointment will be subject to maximum ceiling limit in the manner set out in accordance with the provision of Section 198, 269, 310 and read with Schedule XIII and other applicable provisions of the Companies Act, 1956.

**Item No. 8 :**

M/s. Energy Equipment Distributors were appointed as Sole Selling Agents of the Company for a period of 5 years commencing from 1st October, 1995 vide consent and approval of the members accorded by the Shareholders at the Annual General Meeting held on 2nd September, 1995. The term of this appointment expires on 30th September, 2000.

The permission of shareholders as required u/s. 294AA (2) and (3) of the companies Act, 1956 is now sought for reappointment of M/s. Energy Equipment Distributors as Sole Selling Agents for a period of 5 years commencing from 1st October, 2000. After shareholders consent, necessary application will be made to the Central Government seeking its approval.

As the members are aware, the Company manufactures power transformers, and its customers are mainly State Electricity Boards which have their offices at Various cities in the respective states. As the Company's volume of operation is comparatively small, it is not possible for it to have branches in each of the States where the Board's offices are located. From the past experience it is also found more convenient and economical to operate through selling agents. It has been the Company's practice from its inception to market its products through agents. M/s. Energy Equipment Distributors has been acting as one of the agents / distributors for the last 14 years. The proposed terms on which they are to be appointed are considered fair and reasonable.

The material terms and conditions is for a period of five years of the agreement to be entered into with the sole selling agent are as under :-

1. The appointment is for a period of five years commencing 1st October, 2000.
2. The sole selling agents will be entitled to a commission not exceeding 5 percent on ex-factory value of the products despatched against the orders secured by them.
3. The agent shall place a deposit of Rs. 2 lacs varying an interest @15% per annum.
4. The company can terminate the agreement by giving six months notice.

A copy of the draft agreement referred to in the resolution is available for inspection by the Members, at the registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m. except Saturday and will also be available for inspection at the meeting.

The proprietor of M/s. Energy Equipment Distributors has substantial interest in your Company as defined in explanation to Section 294AA of the Companies Act, 1956.

Mr. Rajesh S. Jain and Mr. Shailesh S. Jain may be deemed to interested in the resolution as they are related to the proprietor of the M/s. Energy Equipment Distributors. None of the other Directors are concerned or interested in the resolution.

Item No. 9 :

The present Article permits only payment of pro-rata dividend on its paid-up capital. In order to comply with SEBI directives and other rules and regulations of Companies Act, 1956 and other related and ancillary laws. It is proposed to alter Article 167 and to enable, Board of Directors to recommend full or pro-rata dividend on its shares.

The Board commends the Resolutions for acceptance by the Members.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11 a.m. to 1 p.m. on any working day of the Company.

The Directors of the Company may be deemed to be concerned or interested in the Resolution at Item No. 9 to the extent of the shares subscribed to by them or by the Companies in which they are Directors or Members.

For and on behalf of Board of Directors

Date : 30th June, 2000.
Place : Thane.

R. S. Jain
Chairman and Managing Director.



DIRECTORS' REPORT

Dear Emco Family Members,

The Directors have pleasure in presenting their 35th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2000.

1. FINANCIAL RESULTS :

	Current Year 1999-2000	(Rs. In Lacs) Previous Year 1998-99
GROSS REVENUE	9226.10	10684.13
Profit Before Taxation	179.11	355.31
Add: Balance brought forward from last year	561.52	528.52
	<u>740.63</u>	<u>883.83</u>
Less: Provision for Tax to be deducted	20.69	37.31
Excess Provision written back	1.50	2.24
Add Transfer from Debenture Redemption Reserve	180.00	--
	<u>901.44</u>	<u>848.76</u>
Appropriations:		
General Reserve	20.00	50.00
Debenture Redemption Reserve	129.06	132.39
Proposed Dividend	105.35	95.32
Tax on Dividend	23.18	9.53
Balance retained in Profit & Loss Account	623.85	561.52
	<u>901.44</u>	<u>848.76</u>

2. DIVIDEND :

The Directors have recommended a dividend, subject to your approval, at 20% (Rs. 2/- per share) for the year ended 31st March, 2000 and also to pay full years dividend @20% on Equity shares allotted on 25th March, 2000, in order to comply with the SEBI directives. The extra payment of Dividend on account of these directives will amount to about Rs. 41.00 Lacs. The necessary amendment to relevant clause of Article is proposed in item No. 9 of Notice. The total outlay on dividend payment will be Rs. 105.35 lacs. However, your company will be liable for tax on distribution of this dividend @ 10%. The necessary liability of Rs. 23.17 lacs has been provided for, alongwith the amount of proposed dividend.

3. INCREASE IN EQUITY CAPITAL :

Your Company raised funds through equity to partly finance its debt retirement plan and partly fund growth of IT services and e-commerce. Hence the paid-up capital has increased from 3.18 crores to 5.27 crores and reserves have increased from 44.90 crores to 67.74 crores.

4. REVIEW OF OPERATIONS :

This was tough year for the entire electrical industry and your Company was no exception. Turnover and Profits were down due to severe competition. But the silverlining for your Company are the new diversifications undertaken by your Company 3 years back namely - Electronic Energy Meters. Turnkey Projects and SCADA. They are showing good prospects and hope to do major business in the coming years. Your Company has strong technical and marketing team supported by a strong brand name which would be leveraged for future growth.



5. NEW AREAS OF GROWTH :

Your Company has strategically diversified into two new areas namely - IT Services in the Power sector where your company has domain knowledge and the US and other International markets offer a large opportunities and secondly, it has started a Vertical Portal for the electrical industry called www.electrimela.com which is being positioned as a comprehensive source for information and e-commerce enabler for the electrical industry.

6. DIRECTORS :

During the year Mr. Ashok V. Chindarkar, was appointed as Additional Director of the Company w.e.f. 30.10.1999. He holds office upto the date of forthcoming Annual General Meeting and is eligible for reappointment. The Company has already received a Notice from a Shareholder pursuant to Section 257 of the Companies Act, 1956 informing the Company about his intention to propose the resolution for appointment of Mr. Ashok V. Chindarkar as Director in the forthcoming Annual General Meeting.

Mr. Ashok V. Chindarkar was also appointed as whole-time Director designated as Executive Director for a period of three years w.e.f. 1.10.1999. Members are required to approve the appointment and remuneration payable to Mr. Ashok V. Chindarkar as whole-time Director.

Mr. Rajesh S. Jain and Mr. R. S. Shah retire by rotation and being eligible offers themselves for reappointment.

7. PARTICULARS OF EMPLOYEES :

Details as required under sub-section 2A of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 are given in the statement form in Annexure - 'A' as part of this report.

8. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information as required under the provision of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 form part of this report in Annexure 'B'.

9. AUDITORS :

Your Company's auditors, M/s. P. Raj & Co., Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and have given their consent to act as Auditors for FY 2000-01. Members are requested to re-appoint.

10. INDUSTRIAL RELATIONS :

Industrial relations remained harmonious during the year and directors would like to record their appreciations of the whole hearted support from all sections of the employees.

For and on behalf of the Board of Directors

Dated : 30th June, 2000.
Place : Thane

R. S. Jain
Chairman & Managing Director