

EMCO

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EMCO LIMITED
37th Annual Report 2002

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BOARD OF DIRECTORS

R. S. Jain

Chairman & Managing Director

S. S. Jain

Jt. Managing Director

R. S. Shah

Director - Technical

M. A. Pandit

T. N. V. Ayyar

Vinod Chandsarkar

Company Secretary

Rahul J. Joshi

Auditors

P. Raj & Co.
Chartered Accountants

Solicitors

Mahimtura & Company

Bankers

Dena Bank
Development Credit Bank
Limited.
The Federal Bank Ltd.
Sumitomo Mitsui Banking
Corporation.
The Vysya 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) 687 3752
Facsimile : (91-22) 687 1343

Gala No. A/17-19, Zero Tax Indl.
Estate, Vapi - Silvassa Road,
Dadra, Dadra & Nagar Haveli, (U.T.)
Tel.: (0260) - 668177 - 80


EMCO LIMITED

NOTICE

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the Members of the Company will be held on Saturday, the 28th day of September, 2002 at N-104, M. I. D. C. Area, Jalgaon - 425 003 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2002, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To declare Dividend.
- 3) To appoint a Director in place of Mr. R. S. Shah who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr. T. N. V. Ayyar who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

- 6) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the said Act" including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the Company, be and is hereby accorded to the re-appointment of Mr. R. S. Shah as a Whole-time Director designated as Director - Technical, for a period of one year with effect from 19th April, 2002 upon terms and conditions set out in the Agreement dated 18th April, 2002;

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter, vary, and modify the said remuneration including salary, allowances and perquisites in such manner as may be agreed to between the Board and Mr. R. S. Shah within and in accordance with and subject to the limits prescribed in Schedule XIII of the said Act or any amendment(s) and/or any statutory modification(s) thereto, and if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board and Mr. R. S. Shah ;

AND THAT notwithstanding anything hereinabove stated, where, in any financial year during the currency of the term of Mr. R. S. Shah as a Whole-time Director, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. R. S. Shah, remuneration by way of salary, allowances and perquisites within the limits specified in Part II of Schedule XIII of the said Act or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration."

- 7) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Vinod Chandsarkar, who was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 29th June, 2002 and whose term of office expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

For and on Behalf of the Board

S. S. Jain
Jt. Managing Director

Place : Thane.
Date : 29th June, 2002.



NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY, IN ORDER TO BE VALID, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 6 to 7 as set out above, is annexed hereto.
- 3) All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays) upto the date of the Meeting.
- 4) Members are requested to notify the change in their address, if any, quoting their Folio Number.
- 5) The Register of Members and Share Transfer Register of the Company will remain closed from Wednesday, the 18th day of September, 2002 to Saturday, the 28th day of September, 2002 (both days inclusive).
- 6) Members/Proxies should bring the Attendance Slip enclosed herewith duly filled in, for attending the Meeting.
- 7) The Company has already transferred, all unclaimed dividend declared upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, 2nd Floor, Kala Chowki, Mumbai - 400 033, in the prescribed manner.
- 8) Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year ended 31st March, 1995 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1995 or any subsequent financial years are requested to make their claim to the Head Office of the Company. It may also be noted that once unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
- 9) Individual Shareholder can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination Form. Non-individuals including Society, Trust, Body corporate, Partnership Firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. Proforma of nomination form is enclosed.



EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Remuneration Committee (Committee of the Board of Directors comprising of non-executive directors of the Company) at its meeting held on 18th April, 2002 decided to re-appoint Mr. R. S. Shah, Whole-time Director of the Company designated as a Director (Technical) for further period of one year with effect from 19th April, 2002.

Details of remuneration payable to Mr. R. S. Shah:

1) Salary :

- (a) Basic Salary at the rate of Rs. 33,208/- per month.
- (b) House Rent Allowance at the rate of Rs. 16,604/- per month.
- (c) Education Allowance at the rate of Rs. 500/- per month.
- (d) Soft Furnishing Allowance at the rate of Rs. 4,152/- per month.
- (e) Conveyance Allowance at the rate of Rs. 8,000/- per month.
- (f) Books and Periodicals Allowance at the rate of Rs. 2,000/- per month.
- (g) Medical Allowance at the rate of Rs. 2,767/- per month.
- (h) Mr. R. S. Shah shall also be entitled to Ex-Gratia of Rs. 93,800/- per annum.

2. Perquisites

- (i) Mr. R. S. Shah shall also be entitled to Leave Travel Concession for self and family once in year in accordance with the rules of the Company.
- (ii) Mr. R. S. Shah shall be covered under personal accident insurance policy as per rules of the Company.
- (iii) Mr. R. S. Shah and his family shall be covered under Mediclaim Insurance policy as per rules of the Company.
- (iv) The Company's contribution towards Superannuation Fund, Provident Fund : Such contribution shall not be included in the computation of the ceiling on remuneration to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- (v) Gratuity payable should not exceed half a month's salary for such completed year of service.
- (vi) The Company shall pay fee of club(s) as per rules of the Company, subject to a maximum of two clubs. This will, however, not include admission and life membership fee.
- (vii) Telephone at Residence (not to be considered as perquisite). However, personal long distance telephone calls shall be billed by the Company to Mr. R. S. Shah.

The perquisites, wherever applicable, shall be valued as per the Income Tax Rules, 1962.

Where in any financial year during the currency of the terms of Mr. R. S. Shah as Whole-time Director, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. R. S. Shah, remuneration by way of salary, allowances and perquisites within limits specified in Part II of Schedule XIII of the said Act or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

The Board recommends the resolution for approval of the Members.

None of the Directors of the Company, except Mr. R. S. Shah is, in any way, concerned or interested in re-appointment of Mr. R. S. Shah as a Whole-time Director of the Company.

**ITEM NO. 7**

The Board of Directors of the Company, at its meeting held on 29th June, 2002 appointed Mr. Vinod Chandsarkar as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and in exercise of the authority vested by the Articles of Association. The term of office of Mr. Vinod Chandsarkar as an Additional Director expires at this Annual General Meeting.

The Company has received a notice under Section 257(1) alongwith the requisite amount of deposit from a member of the Company notifying his intention to propose the candidature of Mr. Vinod Chandsarkar as a Director of the Company.

The resolution as set out in Item No. 7 of the Notice will be placed before the meeting for the approval of the Members.

None of the Directors of the Company except Mr. Vinod Chandsarkar, is concerned or interested in this resolution.

For and on Behalf of the Board

S. S. Jain
Jt. Managing Director

Place : Thane.
Date : 29th June, 2002.




EMCO LIMITED

DIRECTORS' REPORT

The Members,

The Directors have pleasure in presenting their 37th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2002.

Financial Results

	Current Year 2001-2002	(Rs. In Lacs) Previous Year 2000-2001
GROSS REVENUE	16098.92	12711.76
Profit Before Taxation	218.21	193.79
Add: Balance brought forward from previous year	1014.11	623.86
	<u>1232.32</u>	<u>817.65</u>
Less : Provision for Tax - Current	16.70	23.00
- Deferred	63.85	—
Less : Deferred Tax for earlier year	19.71	—
Add Transfer from Debenture Redemption Reserve	—	428.62
	<u>1132.06</u>	<u>1223.27</u>
Appropriations		
General Reserve	5.00	5.00
Debenture Redemption Reserve	175.00	175.00
Proposed Dividend	27.69	26.46
Tax on Dividend	—	2.70
Balance carried forward to Profit & Loss A/c	924.37	1014.11
	<u>1132.06</u>	<u>1223.27</u>

Dividend

Your Directors recommend dividend, subject to your approval, @ 5% (Rs. 0.50/- per share) for the year ended 31st March, 2002. The total outlay on dividend payment will be Rs. 27.69 lacs.

Review of Operations

The beginning of the year was quite dull like the previous three years but the emphasis of the Ministry of Power, Government of India on improving the Transmission and Distribution Sector through Accelerated Power Development and Reform Programme (APDRP) becoming visible in the second half of the last year.

The Transformer industry has picked up and because of the 100% Metering Programme undertaken by various SEBs, the Electronic Energy Meters business is doing well. Projects for revamping and upgrading of Transmission and Distribution system, create new substations etc are being undertaken by various SEBs and your Company has successfully bagged contracts in this area.

Overall, the company has grown in sales by 27%.

Awards & Achievements

Company has received ISO 9001:2000 award from Bureau Veritas Quality International (Holding) S. A. for its Transformer Division at Thane.

Subsidiary

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with the Reports of the Board of Directors of verticalbiz.com (India) Limited and Auditors Report thereon for the period ended 31st March, 2002, are annexed.

Fixed Deposits

The Company has not accepted any deposits during the year. During the year, the Company has transferred

unclaimed deposits of Rs.27,000/- (Rupees Twenty Seven Thousand only) to Investor Education and Protection Fund.

Directors

In accordance with the Articles of Association of the Company, Shri T. N. V. Ayyar and Shri R. S. Shah retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

Shri R. S. Shah was also re-appointed as whole-time Director designated as Director - Technical for the period of one year from 19th April, 2002.

Shri Vinod Chandsarkar was appointed as an Additional Director. The Company has received Notice under Section 257 of the Companies Act, 1956 proposing appointment of Shri Vinod Chandsarkar as Director, subject to retirement by rotation.

Shri Mangharam Devnani was appointed as an Additional Director during the year under review. He has relinquished his Directorship. The Board place on record its gratitude and appreciation for his immense contribution and involvement in the Company's operations during his tenure as Director.

Corporate Governance

The Company has been proactive in following the principles and practices of good corporate governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements of the Stock Exchanges are complied with.

A separate statement on corporate governance is produced as a part of the Annual Report along with the Auditors' certificate on its compliance.

Employees Stock Option Scheme

Your Company has always worked on the idea that its greatest strength is its human resources and it is this resource which makes your Company a force to reckon with in the highly competitive environment. Details of options are as under

Description Details

1. Total number of options at the beginning of the year	34000 options
2. the pricing formula	At the fair market value as on date of grant.
3. options vested	30500 options
4. options exercised	nil
5. options lapsed	3500 options
6. options in force at the end of the year	30500 options
7. Employee-wise details of options granted	
senior managerial personnel	No. of options
Shri R. S. Shah	3000
Shri M L Jain	2500
Shri A K Goel	2000

Personnel

The Company has not paid any remuneration attracting the provisions of the Companies (Particulars of the Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed;

(i) that in the preparation of the accounts for the financial year ended on 31st March, 2002, the


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applicable accounting standards have been followed along with proper explanation relating to material departures ;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review ;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended on 31st March, 2002 on a 'going concern' basis.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to and forms part of this report.

Cost Audit Records

As per Cost Accounting Records (Engineering Industries) Amendment Rules, 2001, your Company is required to maintain cost audit record in respect of power transformers. Your Company has taken steps to maintain the records.

Auditor's Remark :

Directors have been note of point 15 appearing in the notes on account in the audit report. Company has taken the steps to appoint Internal Auditor.

Auditors

The Company's Auditors, M/s. P. Raj & Co., Chartered Accountants hold office upto the conclusion of the forthcoming Annual General Meeting and, being eligible, are recommended for re-appointment. The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the employees of the Company for its success.

For and on behalf of the Board

R. S. Jain
Chairman & Managing Director

S. S. Jain
Jt. Managing Director

Place : Thane.

Date : 29th June, 2002.