



EMCO LIMITED

20th Annual Report 2003

BOARD OF DIRECTORS

R. S. Jain
Chairman & Managing Director

S. S. Jain
Jt. Managing Director

R. S. Shah
Director - Technical

T.N.V. Ayyar

Bheru Choudhary

Vinod Chandsarkar

Report  Junction.com

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

ING Vysya Bank Ltd.

Bank of India

Head Office

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

Phone : (022) 25830517-24

Fax : (022) 25820571

E-Mail : emco@emcoindia.com

Website : <http://www.emcoindia.com>

Registered Office

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

Phone : (0257) 2272462/2272572/

Fax : (0257) 2272598

Works at

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

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

Gala No. A/17-19,
Zero Tax Industrial Estate,
Vapi-Silvassa Road, Dadra,
Dadra & Nagar Haveli, (U.T.)
Phone : (0260) 2668177-80
Fax No. : (0260) 2668176



EMCO LIMITED

NOTICE

NOTICE is hereby given that the Thirty Eighth Annual General Meeting of the Members of the Company will be held on Saturday, the 27th day of September, 2003 at N-104, M.I.D.C. Area, Jalgaon-425 003 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Balance Sheet as at 31st March, 2003, 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. Rajesh Jain who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint a Director in place of Mr. Shailesh Jain 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 Section 257 of the Companies Act, 1956, Mr. Bheru Choudhary, who was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 17th April, 2003 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."

- (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 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 five years with effect from 19th April, 2003 upon terms and conditions set out in the Agreement;

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."

- (8) 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. Rajesh S. Jain as a Whole-time Director designated as Managing Director, for a period of five years with effect from 20th October, 2003 upon terms and conditions set out in the Agreement;

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. Rajesh S. Jain 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. Rajesh S. Jain;

AND THAT notwithstanding anything hereinabove stated, where, in any financial year during the currency of the term of Mr. Rajesh S. Jain as a Whole-time Director, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Rajesh S. Jain, 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."

- (9) 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. Shailesh S. Jain as a Whole-time Director designated as Jt. Managing Director, for a period of five years with effect from 19th October, 2003 upon terms and conditions set out in the Agreement;

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. Shailesh S. Jain 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. Shailesh S. Jain;

AND THAT notwithstanding anything hereinabove stated, where, in any financial year during the currency of the term of Mr. Shailesh S. Jain as a Whole-time Director, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Shailesh S. Jain, 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."

For and on behalf of the Board

S. S. Jain

Jt. Managing Director

Place : Thane.

Date : 28th June, 2003.



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 9 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 Monday, the 15th day of September, 2003 to Saturday, the 27th day of September, 2003 (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.

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

ITEM NO. 6

The Board of Directors of the Company, at its meeting held on 17th April, 2003 appointed Mr. Bheru Choudhary 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. Bheru Choudhary 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. Bheru Choudhary as a Director of the Company.

The resolution as set out in Item No. 6 of the Notice will be placed before the meeting for the approval of the Members.

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

ITEM NO. 7

At a meeting of the Board of Directors of the Company, ("the Board") held on 24th March, 2003, the Board decided to re-appoint Mr. R. S. Shah as a Whole-time Director of the Company designated as a Director - Technical for a period of five years with effect from 19th April, 2003.

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

A. Salary :

- (a) Basic Salary at the rate of Rs. 35,000/- per month with an annual increment of Rs. 2,500/- per month and increment shall be effective from 1st April every year;
- (b) Education Allowance at the rate of Rs. 200/- per month;
- (c) Conveyance Allowance at the rate of Rs. 800/- per month;
- (d) Other Allowance at the rate of Rs. 45,442/- per month with an annual increment of Rs. 4,775/- per month and increment shall be effective from 1st April every year;
- (e) Medical Reimbursement at the rate of Rs. 1,250/- per month;

B. 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) Provision for use of Company's accommodation.
- (viii) Provision for use of Company's Car and telephone at residence (not to be considered as perquisite).
- (ix) The agreement between the Whole-time Director and the Company may be terminated by giving to the other party six months' written notice.

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

**EMCO LIMITED**

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. 8

At a meeting of the Board of Directors of the Company, ("the Board") held on 28th June, 2003, the Board decided to re-appoint Mr. Rajesh S. Jain as a Whole-time Director of the Company designated as a Managing Director for a further period of five years with effect from 20th October, 2003.

Details of remuneration payable to Mr. Rajesh S. Jain :

(1) Salary :

- (a) Basic Salary at the rate of Rs. 50,000/- per month with an annual increment of Rs. 5,000/- per month and increment shall be effective from 1st April every year;
- (b) House Rent Allowance at the rate of 50% of the Basic;
- (c) Education Allowance at the rate of Rs. 200/- per month;
- (d) Conveyance Allowance at the rate of Rs. 800/- per month;
- (e) Other Allowance at the rate of Rs. 68,000/- per month;
- (f) Medical Reimbursement the rate of Rs. 1,250/- per month;

(2) Perquisites :

- (i) Mr. Rajesh S. Jain 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. Rajesh S. Jain shall be covered under personal accident insurance policy as per rules of the Company.
- (iii) Mr. Rajesh S. Jain 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) Provision for use of Company's Car and telephone at residence and Mobile (not to be considered as perquisite).
- (viii) In addition to the salary, perquisites and allowances, commission of 2.5% of net net profit of the Company shall be given to the appointee, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.
- (ix) The agreement between the Whole-time Director and the Company may be terminated by giving to the other party six months' written notice.

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. Rajesh S. Jain as Whole-time Director, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Rajesh S. Jain, 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. Rajesh S. Jain is, in any way, concerned or interested in re-appointment of Mr. Rajesh S. Jain as a Whole-time Director of the Company.

ITEM NO. 9

At a meeting of the Board of Directors of the Company, ("the Board") held on 28th June, 2003, the Board decided to re-appoint Mr. Shailesh S. Jain as a Whole-time Director of the Company designated as a Jt. Managing Director for a further period of five years with effect from 19th October, 2003.

Details of remuneration payable to Mr. Shailesh S. Jain :

(1) Salary :

- (a) Basic Salary at the rate of Rs. 45,000/- per month with an annual increment of Rs. 5,000/- per month and increment shall be effective from 1st April every year;
- (b) House Rent Allowance at the rate of 50% of the Basic;
- (c) Education Allowance at the rate of Rs. 200/- per month;
- (d) Conveyance Allowance at the rate of Rs. 800/- per month;
- (e) Other Allowance at the rate of Rs. 66,000/- per month;
- (f) Medical Reimbursement at the rate of Rs. 1,250/- per month;

(2) Perquisites :

- (i) Mr. Shailesh S. Jain 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. Shailesh S. Jain shall be covered under personal accident insurance policy as per rules of the Company.
- (iii) Mr. Shailesh S. Jain 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) Provision for use of Company's Car and telephone at residence (not to be considered as perquisite).
- (viii) In addition to the salary, perquisites and allowances, commission of 2.5% of net net profit of the Company shall be given to the appointee, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.
- (ix) The agreement between the Whole-time Director and the Company may be terminated by giving to the other party six months' written notice.

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. Shailesh S. Jain as Whole-time Director, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Shailesh S. Jain, 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. Shailesh S. Jain is, in any way, concerned or interested in re-appointment of Mr. Shailesh S. Jain as a Whole-time Director of the Company.

For and on behalf of the Board

S. S. Jain

Jt. Managing Director

Place : Thane.

Date : 28th June, 2003.

**EMCO LIMITED****DIRECTORS' REPORT**

The Members,

The Directors have pleasure in presenting their 38th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2003.

Financial Results :

| | Current Year 2002-2003 | (Rs. in Lacs) Previous Year 2001-2002 |
|---|-----------------------------------|---|
| GROSS REVENUE | 14,453.02 | 16,097.12 |
| Profit Before Taxation | 318.06 | 218.21 |
| Add: Balance brought forward from previous year | 924.37 | 1,014.11 |
| | 1,242.43 | 1,232.32 |
| Less : Provision for Tax – Current | 25.10 | 16.70 |
| Deferred | 32.08 | 63.85 |
| Less : Deferred Tax for earlier year | - | 19.71 |
| | 1,185.25 | 1,132.06 |
| Appropriations : | | |
| General Reserve | 5.00 | 5.00 |
| Debenture Redemption Reserve | 175.00 | 175.00 |
| Proposed Dividend | 27.69 | 27.69 |
| Tax on Dividend | 3.63 | - |
| Balance carried forward to Profit & Loss A/c | 973.93 | 924.37 |
| | 1,185.25 | 1,132.06 |

Dividend :

Your Directors recommend dividend, subject to your approval, @ 5% (Rs. 0.50/- per share) for the year ended 31st March, 2003. 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 & Reform Programme (APDRP) become visible in the second half of the last year.

The Transformer industry has picked up and demand is good. Turnkey Projects for revamping and upgrading of Transmission and Distribution system, creating new substations etc. are being undertaken by various SEBs and your Company expects to benefit from this. The meter industry saw a sharp drop in prices and there was general slow-down in order finalisation, as the SEBs had huge back-log of meter to be installed, but this scenario is temporary and should improve this year onwards as 100% metering is yet to be achieved. The SEB's are now prefers state of the art electronic meters over the conventional electro-mechanical meters.

Awards & Achievements :

Company has received recognition as Export House from Director General of Foreign Trade, Ministry of Commerce & Industry, Government of India.

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 year ended 31st March, 2003, are annexed.

Fixed Deposits :

The Company has not accepted any deposits during the year.

Directors :

In accordance with the Articles of Association of the Company, Shri Rajesh S. Jain and Shri Shailesh S. Jain retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

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

Shri R. S. Shah was also re-appointed as whole-time Director designated as Director – Technical for a period of five years w.e.f. 19th April, 2003. Members are required to approve the re-appointment of and remuneration payable to Shri R. S. Shah as a whole-time Director.

Shri M. A. Pandit passed away on 30th March, 2003. 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 Agreement of the Stock Exchange 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. During the year under review, your Company has issued further 42,000 options to the employees. Details of options are as under

| Description | Details |
|---|--|
| 1. Total number of options at the beginning of the year | 30,500 options |
| Options granted during the Year | 42,000 options |
| 2. The pricing formula | At the fair market value as on date of grant |
| 3. Options vested | 30,500 options |
| 4. Options exercised | Nil |
| 5. Options lapsed | 15,000 options |
| 6. Options in force at the end of the year | 57,500 options |
| 7. Employee-wise details of options granted senior managerial personnel | No. of options |
| Shri R. S. Shah | 6,000 |
| Shri M. L. Jain | 5,000 |
| Shri A. K. Goel | 4,000 |