



PROGRESSIVE TRANSFORMATION FOR GROWTH

EMCO LIMITED

46th ANNUAL REPORT - 2010-11



At EMCO we are foreseeing a positive transformation. We are all geared up to bring in advancement, at all levels. We believe that this new phase of transformation will certainly bring growth and profitability. Leading in unison with our ideology, strategies, expertise and with a dynamic team of professionals, we will surely achieve our goals in the near future. Being a key player in T&D (Transmission and Distribution) segment and delivering Projects of 765 kV, EMCO will be soon amongst the trendsetters in this segment. Our progressive transformation includes a series of strategic and operational shift like - evolving into project centric company from a product centric company, venturing into Solar Energy Business, more focus on Industrial Business, new strategic tie-ups to boost sales and production etc. Today, we are better prepared, more focused and fully determined to achieve our goals with our mantra of :- Operational Adaptability, New Generation Thinking, Adhering to our Values and Strengthening Relationships.

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FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07
Revenue Account					
Net Sales	104,946.98	97,855.32	99,625.77	94,425.33	65,588.56
EBIDTA	(274.32)	23,797.26	13,826.96	12,902.22	8,670.09
Profit Before Tax (PBT)	(6,561.14)	18,328.97	8,037.32	9,521.06	6,091.27
Taxation	(2,137.87)	4,949.31	2,727.24	3,076.44	2,031.60
Profit After Tax (PAT)	(4,423.27)	13,379.66	5,310.08	6,444.62	4,059.67
Capital Account					
Share Capital	1,302.74	1,238.54	1,176.74	1,176.74	1,020.94
Share Warrants	-	497.55	1,955.00	1,955.00	217.50
Reserves & Surplus	54,353.23	56,998.56	40,824.22	36,477.85	28,684.74
Shareholders' Fund	55,655.97	58,734.65	43,955.96	39,609.59	29,923.18
Borrowings	36,178.57	25,990.16	35,614.41	30,836.07	18,527.70
Financial Ratios					
EBIDTA to Sales (%)	-0.26%	24.32%	13.88%	13.66%	13.22%
PBT to Sales (%)	-6.25%	18.73%	8.07%	10.08%	9.29%
PAT to Sales (%)	-4.21%	13.67%	5.33%	6.83%	6.19%
PAT (4 year CAGR)		62.75%	53.33%	100.04%	98.62%
Book Value (Face value Rupees 2 per share)	85.44	94.85	74.71	67.32	67.69
Debt Equity Ratio	0.65	0.44	0.81	0.78	0.62
EPS (Rupees)- Basic*	(7.05)	22.72	9.03	11.14	9.18
Dividend %	10%	70%	70%	70%	50%

OUR VISION

"TO BUILD
A WORLD CLASS COMPANY
THROUGH RELIABILITY
AND BE A GREAT PLACE
TO WORK"

We believe that transformation will be the key to unlock our potential. Our determination to achieve goals comes along with absolute focus, performance, innovation and commitment infused into our organizational culture, thereby resulting in excellence and transforming our vision into reality.

OUR VALUES

CUSTOMER CENTRIC

RELIABILITY

OWNERSHIP

RESULT ORIENTATION

TRUST & INTEGRITY

OPENNESS & TRANSPARENCY

We believe that our value system inspires us to realize our goals. As we are all set to surge higher, our values fuel our aspirations to accomplish our vision.

At EMCO, our values and decisions are in unison, which strengthens us to consistently deliver excellent products and services, and also nurtures a culture that instills responsibility, reliability and growth.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Rajesh S. Jain
B.E. (Electronics)
Chairman

Shailesh S. Jain
B.E. (Chemical)
Vice Chairman

Ajay Kumar Dhagat
B. E (Electrical)
Managing Director

K. N. Shenoy
B.E. (Electrical), PGDBA
Independent Director

S.V. Deo
B.E. (Electrical), DBM, MIE
Independent Director

T.N.V. Ayyar
B Com, FCA
Independent Director

Bheru Choudhary
B.Com, LLM
Independent Director

CHIEF FINANCIAL OFFICER

Ajay Jain
B Com. FCA,

COMPANY SECRETARY

Praveen Kumar
B Com, LLB, ACS

AUDITORS

P. Raj & Co.
Chartered Accountants

BANKERS

**Dena Bank | State Bank of India | Union Bank of India |
Bank of India | State Bank of Hyderabad | Canara Bank |
Andhra Bank | The Federal Bank Limited |
ING Vysya Bank Limited | Standard Chartered Bank |**

PLANT LOCATIONS:

Power Transformer Plant

Plot No. F-5, Road No.28, Wagle Industrial Estate,
Thane - 400 604. Maharashtra, India
Tel.: +91 22 4040 4500, Fax: +91 22 2582 0571

Industrial Transformer Plant

N-104, MIDC Area, Jalgaon - 425 003. Maharashtra, India
Tel : +91 257 2272462 / 2272 572, Fax : +91 257 2272 598

Distribution Transformer Plant

Gat No. 114, Aurangabad Road, Umala, Jalgaon, Maharashtra, India.
Tel: +91 257 5614395 / 96 / 3092594 Fax : +91 257 22350505

Tower Plants

Plot No. 519-521, Village: Asoj, Vadodara - Halol Highway Dist.
Vadodara - 391510, Gujarat, India,
Tel: +91 2668 281029, 281030. Fax: +91 2668 281030

Meter Plants

Plot No. F-5, Road No.28, Wagle Industrial Estate,
Thane - 400 604. Maharashtra, India
Tel.: +91 22 4040 4500, Fax: +91 22 2582 0571

Survey No. 57/2, Sanjay Industrial Estate, Building No.3,
Gala No. 1 to 8, Waghdhara Road, Dadra - 396 230,
(Union Territory) Dadra & Nagar Haveli,
Phone : +91 260 2668177-78-80 Fax No.: +91 260 2668176

REGISTRAR & TRANSFER AGENT:

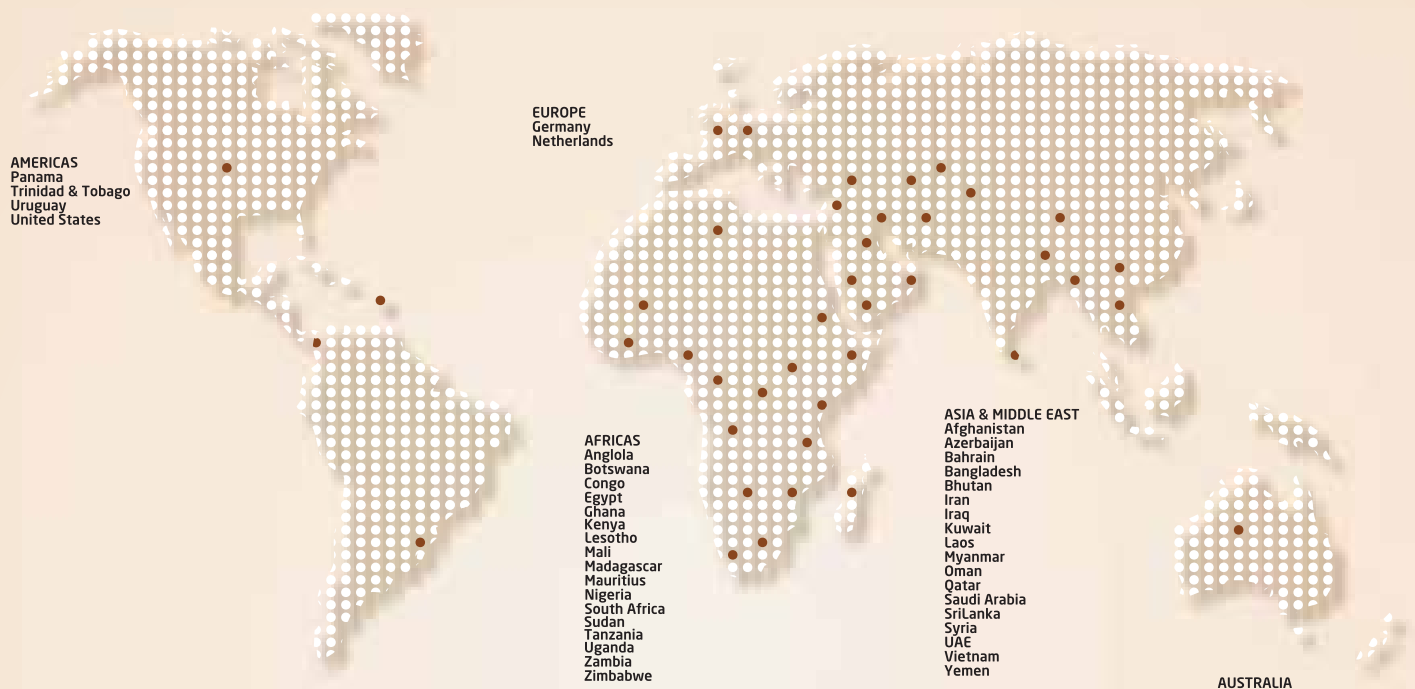
Link Intime India Private Limited,
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai - 400 078
Tel. No. +91 22 25946970
Fax No. +91 22 25946969
Email: rnt.helpdesk@linkintime.co.in

EMCO AT A GLANCE



- Began operations in 1964
- India's leading solutions and products provider in power generation, transmission, distribution & industry
- Among one of the largest manufacturers of transformers in India
- Manufacturing widest range of transformers (1MVA-500 MVA/400 kV)
- EPC Projects upto 765 kV from design to commissioning for AIS and GIS on turnkey basis
- Transmission Line packages upto 765 kV on turnkey basis
- All manufacturing units accredited by Bureau Veritas Certification for ISO 9001:2008, ISO 14001:2004 and OHSAS18001:2007
- 1700+EMCOites located in 5 plants & 15 regional offices with products exported to over 40 countries
- Government recognised R&D Centre

INTERNATIONAL CUSTOMER BASE - OVER 40 COUNTRIES



The International business has its foot-print in more than 40 countries. In order to further accelerate our growth in exports, a majority controlled Joint Venture has been formed in South Africa to address the demands of countries in and around South Africa, plus offices at strategic locations abroad have been opened.

International division offers single point access to all its global customers for its products and services. This focused attention has led to EMCO's success in the Global market. Consistently meeting international quality standards EMCO today has its presence spread across more than 40 countries in Americas, Europe, Middle-East, Asia Pacific and the Indian Subcontinent. It has a reputed roster of international clientele from Power Utilities, Oil & Gas Sector, Mining, EPC Contractors and industries.

With its associates and agents spread across the globe, EMCO has garnered the expertise of supplying transformers that meet various international standards like IEC, ANSI, DIN, SANS, etc. Engineers at EMCO are constantly updated on the technological advancements in the industry, with a view to keep them prepared to meet the stringent customer requirements worldwide.

Today EMCO is the only company in India which is pre-qualified with Saudi Electric Company for supply of transformers in generation and distribution.

Directors' Report

To,
The Members of EMCO Limited,

Your Directors take pleasure in presenting their 46th Annual Report on the business and operations of the Company and statement of accounts for the year ended 31st March 2011.

Financial Results

During the year the performance of the Company was as under:

	₹ in lakhs	
	Current Year 2010-11	Previous Year 2009-10
Total Income	105,106.90	110,656.65
Profit Before Taxation	(6,561.14)	18,328.97
Less: Provision for Tax - Current	-	4,480.00
Deferred Tax	(2,114.57)	275.38
Earlier Year Tax	(23.30)	193.93
Profit After Taxation	(4,423.27)	13,379.66
Add: Balance brought forward from previous year	24,114.61	13,566.60
Profit Available For Appropriation	19,691.34	26,946.26
APPROPRIATIONS:		
General Reserve	-	1,400.00
Debenture Redemption Reserve	-	417.33
Proposed Dividend	130.27	866.98
Tax on Dividend	17.79	147.34
Balance carried to Balance Sheet	19,543.28	24,114.61
TOTAL APPROPRIATION:	19,691.34	26,946.26

Review of Operations

During the year under review, Income from Sales and Services was ₹ 104,947 lakhs against ₹ 97,855 lakhs in the previous year registering growth of 7.24%.

The Company has incurred a net loss of ₹ 4,423 lakhs in current financial year against the net profit of ₹ 13,379 lakhs in previous financial year. The profit of previous financial year includes extra-ordinary item of ₹ 12,735 lakhs which was arising out of sale of investment in EMCO Energy Limited, a wholly owned subsidiary of the Company.

The Company's performance was adversely affected due to Project - Sub-station business where we have experienced execution challenges which include designs, drawings and estimations for lump sum items and also had cost overrun due to delay and quantity variation coupled with firm prices at the time of project closure. Further Transformers Industry is passing through a tough time due to competition as a result of excess capacity within the country which leads to pressure on margin.

The Company is focusing on commissioning of the projects which will release the retention money and reduce the interest cost. The Company has also taken necessary corrective actions and effective measures to improve the performance of the Company.

Dividend

Considering the past performance of the Company and to maintain the consistent track record of dividend your Directors are pleased to recommend for your approval, a dividend of 10% i.e. Re. 0.20/- per share (previous year 70% i.e. ₹ 1.40 per share) on face value of ₹ 2/- each for the financial year 2010-11 out of the accumulated profits of the previous years.

Subsidiaries

The Company had three direct subsidiaries in the year under review, namely:-

- EMCO Power Limited,
- EMCO Renewable Energy Limited *,
- EMCO Overseas Pte Limited, Singapore

And four step-down subsidiaries, namely

- East West Power Generation Company Limited,
- EMCO Infrastructure Limited
- EMCO Edison Transformer (Pty) Limited, South Africa
- PT Setenco Investa Niaga, Indonesia

Directors' Report (contd).

**The name of the Company is changed from EMCO Power Infrastructure Limited to "EMCO Renewable Energy Limited" on December 23, 2010.*

In terms of general circular issued by the Ministry of Corporate Affairs, Government of India under section 212 (8) of the Companies Act, 1956, a copy of Statement of Accounts along with the reports of the Board of Directors and Auditors Report of the above subsidiary companies are not being attached with the Annual Report of the Company.

The Company will make available Annual Accounts of the subsidiary companies and related information to any members who may be interested in obtaining the same. The Annual Accounts of subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies between 10:00 A.M. and 12:00 Noon on any working day of the Company and its subsidiaries.

The Consolidated Financial Statements presented by the Company includes the financial results of the subsidiary companies.

Fixed Deposit

During the year under review the Company has neither invited nor accepted any fixed deposits from the public.

Directors

Mr. Ajay Kumar Dhagat has been appointed as Managing Director of the Company at the Board Meeting held on April 19, 2010 and his terms of appointment including remuneration was confirmed by the Members of the Company at their Annual General Meeting held on August 25, 2010.

In accordance with Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rajesh S. Jain and Mr. Shailesh S. Jain, Directors of the Company, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves, for reappointment.

Further the tenure of Mr. Rajesh S. Jain and Mr. Shailesh S. Jain as Whole Time Director will cease on October 19, 2011 and October 18, 2011 respectively. The Remuneration, Nomination and Selection Committee of the Board of Directors of the Company has recommended the Board for the re-appointment of Mr. Rajesh S. Jain and Mr. Shailesh S. Jain as Whole Time Director designated as Chairman and Vice Chairman respectively for a period of three years subsequent to the date of cessation of their current tenure. The Board has approved the same and recommended to the members for their approval at the ensuing Annual General Meeting.

Mr. Anil Kumar Sardana ceased to be a Director of the Company with effect from January 14, 2011. The Board places on record its appreciation for the contribution made by Mr Anil Kumar Sardana during his tenure as Independent Director of the Company.

Mr. R.S. Shah ceased to be a Director of the Company with effect from April 19, 2010 on expiry of his term as Director-Technical of the Company. The Board places on record its appreciation

for the services rendered by Mr R.S. Shah during his tenure as Director- Technical of the Company.

The above appointments/re-appointments forms part of the Notice of the 46th Annual General Meeting. The profile of these Directors as required under Clause 49 of the Listing Agreement entered with the Stock Exchange(s), are given in the notice of the 46th Annual General Meeting.

Management Discussion and Analysis

The Management Discussion and Analysis forms part of the Directors' Report is annexed hereto.

Corporate Governance Report

As required by clause 49 of the Listing Agreement with Stock Exchange(s), a report on Corporate Governance and a certificate confirming compliance with requirement of Corporate Governance forms part of this report.

Directors' Responsibility Statement

Pursuant to the requirement of 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, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) that the Directors had 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 as at March 31, 2011 and of the profit/ loss of the Company for the year ended on that date;
- (iii) that the Directors had 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; and
- (iv) that the Directors had prepared the accounts for the financial year ended on 31st March, 2011 on a 'going concern' basis.

Employee Stock Option Scheme (ESOS)

Your Company has always worked on the idea that the 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. With this view your Company has an Employee Stock Option Scheme 2006, for the employees. The details of options under the said Scheme as required under ESOP Disclosures to be made under Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given below: