



47th Annual Report



Energizing
Ideas For
A Brighter Future



2011-2012



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FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Revenue Account					
Net Sales	80,952.67	1,04,946.98	97,855.32	99,625.77	94,425.33
EBIDTA	7,981.09	(274.32)	23,797.26	13,826.96	12,902.22
Profit Before Tax(PBT)	914.90	(6,561.14)	18,328.97	8,037.32	9,521.06
Taxation	108.55	(2,137.87)	4,949.31	2,727.24	3,076.44
Profit After Tax(PAT)	806.35	(4,423.27)	13,379.66	5,310.08	6,444.62
Capital Account					
Share Capital	1,302.74	1,302.74	1,238.54	1,176.74	1,176.74
Share Warrants	-	-	497.55	1,955.00	1,955.00
Reserves & Surplus	55,017.75	54,353.23	56,998.56	40,824.22	36,477.85
Shareholders' Fund	56,320.49	55,655.97	58,734.65	43,955.96	39,609.59
Borrowings	42,674.90	36,178.57	25,990.16	35,614.41	30,836.07
Financial Ratios					
EBIDTA to Sales (%)	9.86%	-0.26%	24.32%	13.88%	13.66%
PBT to Sales (%)	1.13%	-6.25%	18.73%	8.07%	10.08%
PAT to Sales (%)	1.00%	-4.21%	13.67%	5.33%	6.83%
Book Value (Face value Rupees 2 per share)	86.46	85.44	94.85	74.71	67.32
Debt Equity Ratio	0.76	0.65	0.44	0.81	0.78
EPS (Rupees)- Basic	1.24	(7.05)	22.72	9.03	11.14
Dividend %	10%	10%	70%	70%	70%

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

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

Sanjay Bhatnagar

M.E, MBA (Harvard University)

Independent Director

COMPANY SECRETARY

Praveen Kumar

B Com, LLB, ACS

STATUTORY AUDITORS

P. Raj & Co

Chaturvedi & Shah

Chartered Accountants

SOLICITORS

ALMT Legal

BANKERS

Dena Bank | State Bank of India |

Bank of India | State Bank of Hyderabad |

ING Vysya Bank Limited | The Federal Bank Limited |

Andhra Bank | Union Bank of India |

Canara Bank | Standard Chartered Bank

PLANT LOCATIONS

Power Transformer Plant

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

Thane - 400 604

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 Plant

Plot No. 519-521, Village: Asoj, Vadodara - Halol Highway

Dist. Vadodara - 391510, Gujarat, India,

Tel: +91 2668 281029, 281030. Fax: +91 2668 281030

Meter Plant

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

Thane - 400 604.

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

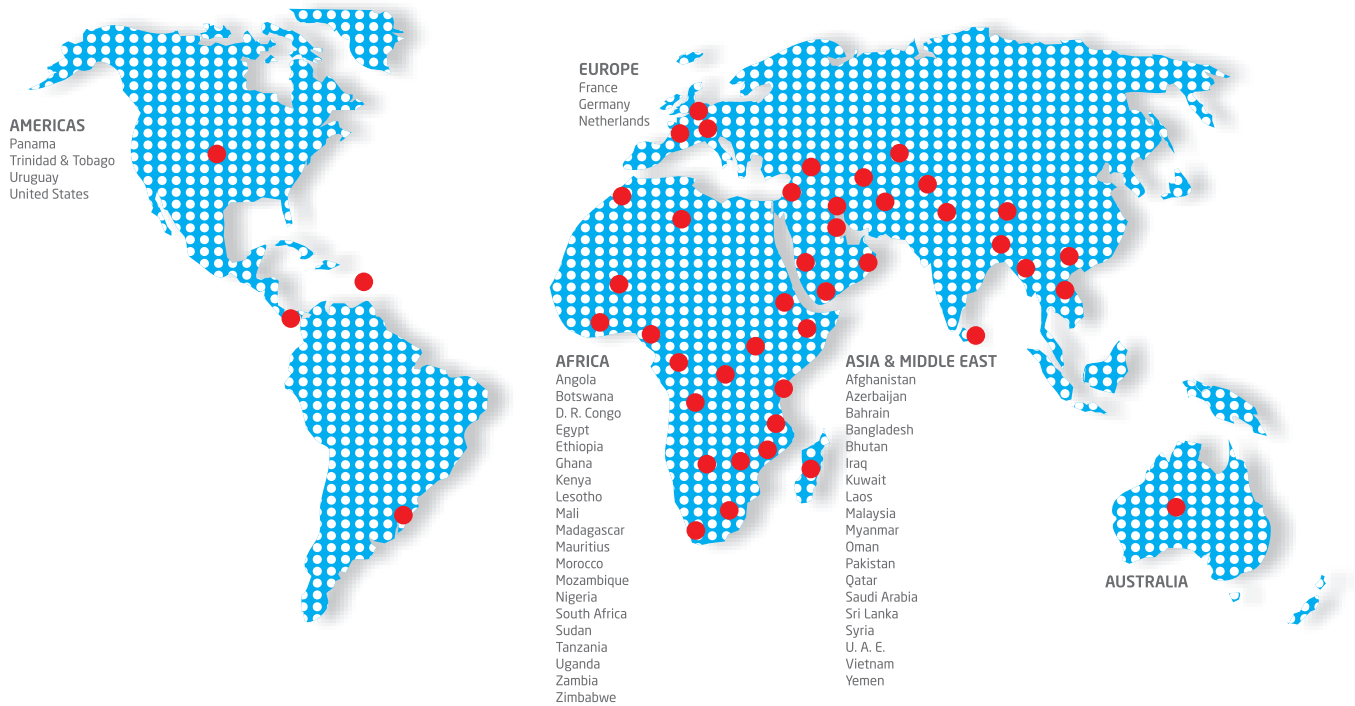
EMCO AT A GLANCE



- Began operations in 1964
- India's leading products and solutions provider in Power Generation, Transmission, Distribution Utilities & Industry
- Among one of the largest manufacturers of transformers in India
- Manufacturing widest range of transformers (1MVA-500MVA/400kV)
- EPC Projects upto 765kV from design to commissioning for AIS and GIS on turnkey basis
- Transmission Line packages upto 765kV on turnkey basis
- All manufacturing units accredited by Bureau Veritas Certification for ISO 9001, ISO 14001, OHSAS 18001 & ISO: 27001 for Information Security Management System (ISMS)
- 1300+ EMCOites located in 6 plants & 15 regional offices with products exported to more than 45 countries
- Government recognized R&D Centre

INTERNATIONAL CUSTOMER BASE

More Than 45 Countries



The International business has its foot-print in more than 45 countries and 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 45 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 47th Annual Report on the business and operations of the Company and statement of accounts for the year ended 31st March 2012.

Financial Results

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

(₹ in Lakhs)		
Particulars	Current Year 2011-12	Previous Year 2010-11
Total Income	80,991.85	105,106.90
Profit Before Taxation	914.90	(6,561.14)
Less: Provision for Tax – Current	NIL	NIL
Deferred Tax	108.55	(2,114.57)
Earlier Year Tax	NIL	(23.30)
Profit After Taxation	806.35	(4,423.27)
Add: Balance brought forward from previous year	19,543.28	24,114.61
Profit Available For Appropriation	20,349.63	19,691.34
APPROPRIATIONS:		
Proposed Dividend	130.27	130.27
Tax on Proposed Dividend	21.13	17.79
Balance carried to Balance Sheet	20,198.23	19,543.28
TOTAL APPROPRIATION:	20,349.63	19,691.34

Review of Operations

During the year under review, Income from Sales and Services was ₹ 80,953 lakhs against ₹ 104,947 lakhs in the previous year.

The Company has earned a net profit of ₹ 806 lakhs in the current financial year against the net loss of ₹ 4,423 lakhs in the previous financial year.

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. ₹ 0.20 per share (previous year 10% i.e. ₹ 0.20 per share) on face value of ₹ 2 each for the financial year 2011-12 out of the current year's profit.

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

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 Deposits

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

Directors

Mr. Sanjay Bhatnagar was appointed as Non - executive Director by the Members of the Company at their Annual General Meeting held on 20th September 2011.

Further in the same meeting Mr. Rajesh S. Jain and Mr. Shailesh S. Jain were reappointed as Whole Time Director designated as Chairman and Vice Chairman for a period of three years with effect from 20th October 2011 and 19th October 2011 respectively.

Mr. Ajay Kumar Dhagat ceased to be Managing Director and Director of the Company with effect from 4th November 2011. The Board places on record its appreciation for the contribution made by Mr Ajay Kumar Dhagat during his tenure as Managing Director of the Company.

Pursuant to section 256 of the Companies Act, 1956 Mr. K N Shenoy and Mr. T N V Ayyar who retire by rotation and being eligible for reappointment, offer themselves for reappointment at the ensuing Annual General Meeting.

The above appointments/re-appointments forms part of the notice convening 47th 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 convening 47th 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 the 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 2012, 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 31st March 2012 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 2012 on a 'going concern' basis.

Employees 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 and Employee Stock Option Scheme 2011 for the employees. The details of options under the said Schemes 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:

Sr No.	Particulars	ESOS 2006	ESOS 2011
a.	Options Granted	3,99,850 options	13,90,000 options
b.	Pricing formula	Options have been granted at the closing market price of the Equity Shares of the Company one day prior to the date of grant.	Options have been granted at the closing market price of the Equity Shares of the Company one day prior to the date of grant.
c.	Option vested	2,21,225 Options	Nil
d.	Option exercised	38,000 Options	Nil
e.	Total number of Ordinary shares arising out of the Options	1,90,000 Shares	Nil
f.	Options lapsed	3,23,850 Options	7,25,000 Options
g.	Variation of terms of Options	N.A.	N.A.
h.	Money realized by exercise of the Options	₹ 171 lakhs	Nil
i.	Total number of options in force	38,000 Options	665,000 Options
j (i)	Detail of option granted to: senior management personnel	Mary Mody : 8,000 Neeraj Yadav: 8,000 N.K.Mukherjee : 14,000 Ashok Bhambhani : 8,000	B.J.Amritkar: 75,000 Ganesh Tawari: 40,000 Deepak Khandelwal: 75,000 N K Mukherjee: 5,000 Ram Mundra: 40,000 Kishor Patel: 40,000 Ratnakar Wagh: 40,000 Anagha Dixit: 40,000 N K Paramal: 40,000 Mahesh Jagiasi: 40,000 Prashant Sahasrabudhe: 40,000 K P Singh: 75,000 R P Singh: 40,000 Kailash Agarwal: 75,000
(ii)	Any employee who receives in any one year of grant of options amounting to 5% or more of options granted during the year (2011-12)	Mary Mody Neeraj Yadav N.K.Mukherjee Ashok Bhambhani	B.J.Amritkar Deepak Khandelwal K P Singh Kailash Agarwal
(iii)	Employees who were granted options during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of the grant.	Nil	Nil
k.	Diluted EPS calculated in accordance with Accounting Standard 20 issued by ICAI for the year ended 31 st March 2012	1.24	1.24
l. (i)	Method of calculation of employee compensation Cost.	Intrinsic Value	Intrinsic Value
(ii)	Difference between the employee compensation cost so compared at (i) above and the employee compensation cost that shall have been recognised if fair value of options had been used.	NA	NA