

2006-2007  
2007-2008  
2008-2009  
2009-2010  
2010-2011  
2011-2012  
2012-2013  
2013-2014

**2014-2015**

# 50<sup>th</sup> ANNUAL REPORT



Products and Solutions for  
Power Generation, Transmission, Distribution Utilities & Industry



[www.emco.co.in](http://www.emco.co.in)

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr. Rajesh S. Jain

B.E. (Electronics)  
Chairman

### Mr. Shailesh S. Jain

B.E. (Chemical)  
Vice Chairman

### Mr. S. V. Deo

B.E. (Electrical), DBM, MIE  
Independent Director

### Mr. Bherulal Choudhary

B.Com, LL.M.  
Independent Director

### Mr. Sanjay Bhatnagar

M.E., MBA (Harvard University)  
Independent Director

### Mrs. Priyamvada Bhumkar

B.Sc. (Chemistry), MBA (Finance)  
Woman - Independent Director

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## CHIEF FINANCIAL OFFICER

### Mr. Amit Sudhakar

FCA

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## COMPANY SECRETARY

### Mr. Ganesh Tawari

B.Com. (Hons), ACA, ACS, AICWA

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## STATUTORY AUDITORS

### P. Raj & Co

### Chaturvedi & Shah

Chartered Accountants

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## SOLICITORS

ALMT Legal

## BANKERS

Dena Bank | State Bank of India |

Bank of India | State Bank of Hyderabad |

KotaK Mahindra Bank Limited | The Federal Bank Limited |

Andhra Bank | Union Bank of India |

Canara Bank | Standard Chartered Bank

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## 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, Jalgoan - 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 2811 13/4, Fax: +91 2668 281030

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## 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](mailto:rnt.helpdesk@linkintime.co.in)

## OUR VISION

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

## 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.

## EMCO AT A GLANCE

- ▶ Began operations in 1964 and listed on Bombay Stock Exchange since 1967
- ▶ India's leading products and solutions provider upto 765kV /  $\pm$  800kV HVDC for Power Generation, Transmission, Distribution Utilities & Industry
- ▶ Among one of the largest manufacturers of transformers in India
- ▶ Manufacturing widest range of transformers [1MVA-500MVA/400kV (3 $\Phi$ )]
- ▶ EPC Projects upto 765kV from design to commissioning for AIS and GIS on turnkey basis
- ▶ Transmission Line packages upto 765kV AC /  $\pm$  800kV HVDC on turnkey basis
- ▶ All manufacturing units accredited by Bureau Veritas Certification for ISO 9001, ISO 14001, OHSAS 18001 & ISO / IEC 27001
- ▶ 900+ EMCOites located in 5 plants & 15 regional offices across India
- ▶ Exports to more than 50 countries in Americas, Europe, Middle-East, Asia Pacific and the Indian subcontinent
- ▶ Government recognized R&D Centre

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## FINANCIAL HIGHLIGHTS

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Revenue Account</b>					
Net Sales	91,223.28	83,067.93	66,880.96	80,952.67	104,946.98
EBIDTA	9,253.60	8,913.83	7,608.28	7,981.09	(274.32)
Profit Before Tax(PBT)	607.02	1,082.98	556.21	914.90	(6,561.14)
Taxation	281.57	376.13	267.76	108.55	(2,137.87)
Profit After Tax(PAT)	325.45	706.85	288.45	806.35	(4,423.27)
<b>Capital Account</b>					
Share Capital	1,351.52	1,302.74	1,302.74	1,302.74	1,302.74
Share Warrants	-	-	-	-	-
Reserves & Surplus	56,837.42	55,784.48	55,154.85	55,017.75	54,353.23
Shareholders' Fund	58,188.93	57,087.22	56,457.59	56,320.49	55,655.97
Borrowings	57,739.53	48,678.08	42,343.52	42,674.90	36,178.57
<b>Financial Ratios</b>					
EBIDTA to Sales (%)	10.14%	10.73%	11.38%	9.86%	-0.26%
PBT to Sales (%)	0.67%	1.30%	0.83%	1.13%	-6.25%
PAT to Sales (%)	0.36%	0.85%	0.43%	1.00%	-4.21%
Book Value (Face value ₹ 2 per share)	86.11	87.64	86.68	86.46	85.44
Debt Equity Ratio	0.99	0.85	0.75	0.76	0.65
EPS (₹)- Basic	0.50	1.09	0.44	1.24	(7.05)
Dividend %	5%	5%	10%	10%	10%

## DIRECTORS' REPORT

To,

The Members of EMCO Limited,

Your Directors take immense pleasure in presenting their 50th Annual Report on the business and operations of the Company and statement of accounts for the year ended 31st March 2015.

### Financial Summary/Highlights

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

(Amounts in ₹ Lakhs)

Particulars	Standalone	
	2014-15	2013-14
Total Income	91,243.29	83,825.75
Profit Before Taxation	607.02	1,082.98
<b>Less:</b> Provision for Tax - Current	179.57	61.58
Deferred Tax	263.31	376.13
Earlier Year Tax	18.26	-
MAT Credit Entitlement	(179.57)	(61.58)
<b>Profit After Taxation</b>	<b>325.45</b>	<b>706.85</b>
<b>Add:</b> Balance brought forward from previous year	20,964.90	20,334.26
Profit Available For Appropriation	<b>21,290.35</b>	<b>21,041.11</b>
<b>APPROPRIATIONS:</b>		
Proposed Dividend	67.58	65.14
Tax on Proposed Dividend	13.76	11.07
Balance carried to Balance Sheet	21,209.01	20,964.90
<b>TOTAL APPROPRIATION:</b>	<b>21,290.35</b>	<b>21,041.11</b>

### Overview of Company's Financial Performance

During the year under review, Income from Sales and Services was ₹ 91,243 Lakhs against ₹ 83,826 Lakhs in the previous year.

The Company has earned a net profit of ₹ 325 Lakhs in the current financial year against the net profit of ₹ 707 Lakhs in the previous financial year.

### Transfer to reserves

During the financial year, the Company did not transfer any amount to reserve.

### 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 paise per equity share of ₹ 2/- each for the financial year 2014-2015 out of the current year's profit.

### Change in the nature of business

There was no change in the nature of business of the Company during the financial year.

### Public Deposits

During the financial year 2014-15, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

### Subsidiaries and Joint venture Companies

Pursuant to Section 136 of the Companies Act, 2013, the audited accounts of each of the Company's subsidiaries are placed on the website of the Company. If any Member of the Company so desires, the Company will be happy to make available the Annual Accounts of the subsidiaries to him/her, on request. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on all working days, excluding Saturdays.

### Consolidation of Accounts

The performance and financial position of each of the subsidiaries, associates and joint venture companies are detailed in 'Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures' in form AOC I pursuant to Section 129 of the Companies Act, 2013 and given in '**Annexure A**' to this report.

### Directors and Key Managerial Personnel

During the financial year, Mr. Rajesh S. Jain (DIN: 00005829), Whole Time Director (WTD) designated as Chairman of the Company was going to be ceased his term as WTD on October 19, 2014.

The Nomination and Remuneration Committee of the Board of Directors had recommended to the Board for re-appointment of Mr. Rajesh S. Jain as WTD for the period of 3 years. The Board on recommendation of said committee had approved the same and recommended to the Members for their approval. Accordingly, the Members at their Annual General Meeting held on August 08, 2014 accorded their approval for such appointment.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and in accordance with the Articles of Association of the Company, Mr. Rajesh S. Jain, WTD of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

During the year under review, on account of health issues Mr. K. N. Shenoy (DIN:00021373), Independent Director, resigned on May 14, 2014 from the Board of the Company. Further, the Board at their meeting held on October 17, 2014 appointed Mr. Amit Sudhakar as the Chief Financial Officer (CFO) of the Company in place of Mr. Ram Mundra who resigned as CFO on September 29, 2014.

Mr. Ganesh Tawari was appointed as the Company Secretary of the Company on February 26, 2015 in place of Mr. Pravin Kumar who resigned as Company Secretary on August 30, 2014.

Mr. K. N. Shenoy, Independent Director of the Company expired on August 18, 2014. The Board has placed on record its appreciation for the valuable contribution made and support extended by Mr. K. N. Shenoy during his tenure.

The Board has placed on record its appreciation for the valuable contribution made and support extended by Mr. Ram Mundra and Mr. Pravin Kumar during their respective tenure.

Pursuant to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013, Mrs. Priyamvada Bhumkar (DIN: 00726138) was appointed as an Additional Director (Woman - Independent Director) of the Company. The Company has received a notice in writing from a member along with requisite deposit under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director. Your Directors recommend her appointment for a term of 5 (five) years.

### Re-appointment of Independent Directors

Pursuant to Section 149 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed there under, Mr. S. V. Deo (DIN:00210554), Mr. Bherulal Choudhary (DIN:00011905) and Mr. Sanjay Bhatnagar (DIN:00867848), Independent Directors of the Company will be completing their first term of appointment on the Board at the ensuing Annual General Meeting of the Company. The Company has received notices in writing from a member along with requisite deposit under Section 160 of the Act, proposing their candidatures for the office of Director. Your Directors recommend their re-appointment for a next term of 5 (five) years by passing a special resolution separately for each one of them.

The brief profiles of the Directors as required under Clause 49 of the Listing Agreement entered with the Stock Exchange(s) are disclosed in the notice convening 50th Annual General Meeting.

### Declaration by independent directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

### Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

During the financial year, there were no such orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.



### Adequacy of Internal Financial Control

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding the assets, the prevention and detention of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosure.

### Composition of Audit Committee

The Audit Committee comprises of three Non-Executive Directors, all of whom are Independent Directors. The Chairman and other Members of the Committee are having ability to read and understand financial statement. Besides, all members have knowledge of finance, accounting and law. Composition of the Audit Committee during the financial year 2014-2015 is as follows:

Sr. No.	Name of the Committee Members	Designation
1	Mr. Sanjay Bhatnagar	Chairman
2	Mr. Bheru Choudhary	Member
3	Mr. S. V. Deo	Member

There were no matters during the financial year 2014-2015, wherein the Board did not accept recommendations given by the Audit Committee.

### Establishment of Vigil Mechanism

The Company has established and adopted Vigil Mechanism and the policy thereof for directors and employees of the Company in accordance with the provisions of the Companies Act, 2013 as well as listing agreement. During the year under review, no personnel of the Company approached the Audit Committee on any issue falling under the said policy.

The vigil mechanism policy is available on the website of the company at link: <http://www.emco.co.in/pdf/policy/Vigil%20Mechanism%20Policy.pdf>

### Particulars of remuneration to employees

The particulars of remuneration to directors and employees and other related information required to be disclosed under Section 197 (12) read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules are given in 'Annexure B' to this Report.

### Management Discussion and Analysis

The Management Discussion and Analysis forms part of the Directors' Report is annexed herewith as 'Annexure C'.

### Auditors

#### a) Statutory Auditors

The Company's Auditors, M/s. P. Raj & Co.(FRN:108310W), and M/s. Chaturvedi & Shah (FRN:101720W), Chartered Accountants, Statutory Auditors hold office up to the conclusion of the forthcoming 50th Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received letter from them giving their consent to act as Auditors of the Company and stating that their re-appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013. Your Directors recommend their re-appointment for the second term of 2 years and 5 years respectively.

#### b) Secretarial Auditors

Makarand M. Joshi & Co., Practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the financial year 2014-2015, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for financial year 2014-2015 forms part of the Directors Report as 'Annexure D' to the Board's report.

#### c) Cost Auditors

The Company has appointed M/s. Kishore Bhatia & Associates (FRN:00294), Cost Accountants, as Cost Auditors of the Company for the financial year 31st March, 2015 at a remuneration of ₹ 1 Lac. The Company maintains cost accounting records as required under Section 148 (1) of the Act. The Compliance certificate in this regard to be obtained from the Cost Accountants for the year ended 31st March 2015. Your Directors recommend to ratify remuneration payable to him for the year ended 31st March 2015 and 31st March 2016.

**d) Internal Auditors**

M/s. Rahul Birla & Company (FRN:122589W), Chartered Accountants, were appointed the Internal Auditors of the Company for the financial year 2014-15. Based on the recommendation of the Audit Committee of the Company, the Board of Directors has appointed M/s. Rahul Birla & Company, Chartered Accountants as the Internal Auditors of the Company for the financial year 2015-16.

**Explanations by the Board on qualification, reservation or adverse remark or disclaimer made by the**

- Auditors in their report**

There were no qualification, reservation, disclaimer and adverse remarks made by the Auditors of the Company in their audit report.

- Company Secretary in practice in his secretarial audit report**

The qualification given by the Company Secretary in practice in his secretarial audit report:

Sr. No.	Observation	Reply to the observation
1.	The Company has made delay in filling of FORM-APR with respect to Overseas Direct Investment.	The delay in filing of Form- APR was inadvertent on the part of the Company.

**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 Employee Stock Option Scheme 2006, Employee Stock Option Scheme 2011 and newly introduced Employee Stock Option Scheme 2015 for the employees. The details of options under the said Schemes as on 31st March, 2015 pursuant to the provision of SEBI (Share Based Employee Benefits) Regulations, 2014 as amended are given below:

Sr No.	Particulars	ESOS 2006	ESOS 2011
a.	Options Granted	3,99,850 options	25,90,000 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	16,000 Options	3,50,000 Options
d.	Option exercised	38,000 Options	-
e.	Total number of Ordinary shares arising out of the Options	1,90,000 Shares	-
f.	Options lapsed	3,45,850 Options	12,40,000 Options
g.	Variation of terms of Options	N.A.	N.A.
h.	Money realized by exercise of the Options	₹171 Lakhs	-
i.	Total number of options in force	16,000 Options	13,50,000 Options
j (i)	Detail of option granted to: senior management personnel	Name of employees are not disclosed in view of sensitivity involved.	Name of employees are not disclosed in view of sensitivity involved.
(ii)	Any employee who receives in any one year of grant of options amounting to 5% or more of options granted during the year (2014-15)	N.A	N.A
(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.	-	-
k.	Diluted EPS calculated in accordance with Accounting Standard 20 issued by ICAI for the year ended 31st March 2015	-	0.50
l. (i)	Method of calculation of employee compensation Cost.	Intrinsic Value	Intrinsic Value