



51st

ANNUAL REPORT
2015-16



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

CHIEF FINANCIAL OFFICER

Mr. Amit Sudhakar

ACA

COMPANY SECRETARY

Mr. Ganesh Tawari

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

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 |

KotaK Mahindra 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, Maharashtra, India
Tel.: +91 22 4040 4500, Fax: +91 22 2582 0571

Industrial Transformer Plant

N-104, MIDC Area, Mehrun, 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 - 425 003, 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

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

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 Φ) & 315MVA/400kV (1 Φ)]
- ▶ 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 4 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	2015-16	2014-15	2013-14	2012-13	2011-12
Revenue Account					
Net Sales	80,625.10	91,223.28	83,067.93	66,880.96	80,952.67
EBIDTA	6,522.97	9,253.60	8,913.83	7,608.28	7,981.09
Profit / (Loss) Before Tax (PBT)	(3,671.31)	607.02	1,082.98	556.21	914.90
Taxation	(1,131.73)	281.57	376.13	267.76	108.55
Profit / (Loss) After Tax (PAT)	(2,539.58)	325.45	706.85	288.45	806.35
Capital Account					
Share Capital	1,351.52	1,351.52	1,302.74	1,302.74	1,302.74
Reserves & Surplus	54,297.84	56,837.42	55,784.48	55,154.85	55,017.75
Shareholders' Fund	55,649.36	58,188.93	57,087.22	56,457.59	56,320.49
Borrowings	56,293.75	57,739.53	48,678.08	42,343.52	42,674.90
Financial Ratios					
EBIDTA to Sales	8.09%	10.14%	10.73%	11.38%	9.86%
PBT to Sales	(4.55%)	0.67%	1.30%	0.83%	1.13%
PAT to Sales	(3.15%)	0.36%	0.85%	0.43%	1.00%
Book Value (Face value ₹ 2/- per share)	82.35	86.11	87.64	86.68	86.46
Debt Equity Ratio	1.01	0.99	0.85	0.75	0.76
EPS (₹) - Basic	(3.76)	0.50	1.09	0.44	1.24
Dividend	NIL	5%	5%	10%	10%

DIRECTORS' REPORT

To,

The Members of EMCO Limited,

Your Directors present the 51st Annual Report on the business and operations of the Company together with the Consolidated and Standalone Audited Financial Statements for the year ended 31st March 2016.

Financial Summary/Highlights

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

(Amounts in ₹ Lakhs)

Particulars	Standalone	
	2015-16	2014-15
Total Income	80,683.94	91,243.29
Profit / (loss) Before Taxation	(3,671.31)	607.02
Less: Provision for Tax - Current	-	179.57
Deferred Tax	(1,131.73)	263.31
Earlier Year Tax	-	18.26
MAT Credit Entitlement	-	(179.57)
Profit After Taxation	(2,539.58)	325.45
Add: Balance brought forward from previous year	21,209.02	20,964.91
Profit Available For Appropriation	18,669.44	21,290.36
APPROPRIATIONS:		
Proposed Dividend	-	67.58
Tax on Proposed Dividend	-	13.76
Balance carried to Balance Sheet	18,669.44	21,209.02
TOTAL APPROPRIATION:	18,669.44	21,290.36

Overview of Company's Financial Performance

During the year under review, Income from Sales and Services of the Company was stood at ₹ 80,684 Lakhs against ₹ 91,243 Lakhs in the previous financial year.

The Company has incurred a net Loss of ₹ 2,540 Lakhs in the current financial year against the net profit of ₹ 325 Lakhs in the previous financial year.

Transfer to reserves

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

Dividend

Considering the loss incurred during the year under review, your Directors have not recommended any dividend.

Share Capital

The paid up equity shares capital of the Company is ₹ 13,51,51,770/- divided in to 6,75,75,885 shares of face value of ₹ 2/- per share. During the year under review, the Company has not allotted any shares to directors and employees of the Company and therefore disclosure under Section 67(3)(c) of the Companies Act, 2013 ("Act") in respect of voting rights not exercised directly by the employees of the Company is not required.

Update on Scheme of Arrangement

During the year under review, in accordance with the direction of the Hon'ble High Court of Bombay vide its order dated 16th October, 2015, the Members of the Company at the Court Convened Meeting held on 17th November, 2015 approved the Scheme of Arrangement between EMCO Limited and its wholly owned subsidiary Company EMCO Infrastructure Ltd ("EIL") and their respective shareholders and creditors providing for sale and transfer of the Infrastructure Undertaking of the EMCO Limited to EIL. However, on account of change in market conditions related to Infrastructure business and lack of interest shown by investors in Infrastructure Sector globally and particularly in India, the Board of Directors of the Company at their meeting held on 9th

February, 2016 withdrew the said Scheme of Arrangement. In view thereof, the Hon'ble High Court on 1st of April, 2016 passed the order as the Scheme withdrawn.

Change in the nature of business

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

Public Deposits

During the financial year 2015-16, your Company has not accepted any deposit within the meaning of Section 73 and Section 74 of the Act read together with the Companies (Acceptance of Deposits) Rules, 2014 and any amendment thereof.

Subsidiaries and Joint venture Companies

As per the provisions of Section 136 of the Act, the Annual Audited Financial Statement of each of the subsidiaries of the Company are displayed on the website of the Company. If any Member of the Company so desires, the Company will be happy to make available the Annual Audited Accounts of the subsidiaries to him/her on request. The physical copy of the said documents will also be available at the Company's registered office for inspection, during normal business hours on all working days, excluding Saturdays.

During the year under review, the Company incorporated a wholly owned subsidiary in UAE in the name of 'EMCO Global DMCC'. The said wholly owned subsidiary is likely to start its activities in the year to come.

Consolidated 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 which is prepared pursuant to Section 129 of the Act and annexed herewith as **Annexure- A**.

Directors and Key Managerial Personnel

Pursuant to the provisions of Section 152 of the Act, and in accordance with the Articles of Association of the Company, Mr. Shailesh S. Jain (DIN:00006180), Non Executive Director designated as Vice-Chairman 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, Mr. S. V. Deo (DIN: 00210554), Mr. Bherulal Choudhary (DIN:00011905) and Mr. Sanjay Bhatnagar (DIN: 00867848), Independent Directors of the Company completed their first term of appointment and they were appointed as Independent Directors of the Company for their second term for a period of five years by members of the Company by passing special resolution for each of them at the 50th Annual General Meeting held on 25th September, 2015.

Similarly, Mrs. Priyamvada Bhumkar (DIN:00726135) was regularized as Director and appointed as Independent (Woman) Director for her first term of five years at the 50th Annual General Meeting held on 25th September, 2015

Declaration by Independent Directors

The Company has received declaration of Independence under Section 149(7) of the Act, that he/she meets the criteria of Independence laid down in Section 149(6) of the Act, and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

During the financial year under review, there were no such orders passed by the regulators or courts or tribunals impacting the going concern status and company's operation 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 four Non-Executive Directors and all are independent Directors. The Chairman and other Members of the Committee are having ability to read and understand financial statement. All members have knowledge of finance, accounting and law. Composition of the Audit Committee during the financial year 2015-16 is as follows:

Sr. No.	Name of the Committee Members	Designation
1.	Mr. Sanjay Bhatnagar	Chairman
2.	Mr. S. V. Deo	Member
3.	Mr. Bherulal Choudhary	Member
4.	Mrs. Priyamvada Bhumkar	Member

There were no matters during the financial year 2015-16 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 Act as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Directors and Employees

Pursuant to Section 197(12) of the Act read along with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the particulars of remuneration to the Directors and Employees of the Company are annexed with the report as **Annexure- B**.

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

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit & Auditors) Rules, 2014, M/s. P. Raj & Co.(FRN: 108310W) and M/s. Chaturvedi & Shah (FRN: 101720W), practicing Chartered Accountants, Joint Statutory Auditors of the Company were appointed for their second term for the period of 2 years and 5 years respectively at the 50th Annual General Meeting held on 25th September, 2015. However, their appointment as Statutory Auditors of the Company shall be required to be ratified by the Members at the ensuing Annual General Meeting. The Company has received confirmation certificate from them that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company.

b) Secretarial Auditors

M/s. Makarand M. Joshi & Co. Practicing Company Secretaries, had been appointed as Secretarial Auditor of the Company to conduct Secretarial audit for Financial Year 2015-16, as required under Section 204 of the Act and rules made thereunder. Secretarial Audit Report issued by M/s. Makarand M. Joshi in form of MR-3 for Financial Year 2015-16 annexed herewith as **Annexure- D**.

c) Cost Auditors

Pursuant to the provisions of Section 148(1) of the Act, the Company maintains Cost records. M/s. Kishore Bhatia & Associates (FRN: 00294), Cost Accountants, were appointed as Cost Auditors of the Company for the financial year ended 31st March, 2017 at a remuneration of ₹ 2,25,000/- per annum plus service tax and reimbursement of out of pocket expenses that may be incurred. The Cost Audit Report or Compliance certificate in this regard to be obtained from Cost Accountants for the year ended 31st March, 2016. Your Directors recommend to ratify remuneration payable to him for the year ended on 31st March, 2017

d) Internal Auditors

Based on recommendation made by the Audit Committee, M/s. Rahul Birla & Company (FRN: 122589W), Chartered Accountants were appointed as Internal Auditors of the Company for financial year 2016-17.

Explanations by the Board on qualifications, reservation or adverse remark or disclaimer made by the Auditors in their report

- 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 report**

Sr. No.	Observation	Reply to the observation
1.	The Company has made delay in filing 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)

Human Resource is the essential resource for the growth of the Company and man power is the strength for achieving mission of the Company. Based on this view, your Company has framed following Employee Stock Option Schemes for the financial growth of employees of the Company.

- 1) Employees Stock Option Scheme, 2006
- 2) Employee Stock Option Scheme, 2011
- 3) Employee Stock Option Scheme, 2015

Pursuant to provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 the detail statement of above mentioned options Schemes as on 31st March, 2016 are as given below:

Sr No.	Particulars	ESOS 2006	ESOS 2011
a.	Option 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	3,51,170 options	16,09,900 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	10,680 options	17,80,100 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 receive in any one year of grant of options amounting to 5% or more of options granted during the year	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, 2016	-	-
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 recognized if fair value of options had been used.	N.A.	N.A.