



52ND ANNUAL REPORT 2016-17



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

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

Smt. Priyamvada Bhumkar (upto 08.08.2016)

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

Smt. Archana Capoor (w.e.f 10.01.2017)

B.Sc. (Chemistry), MBA (Finance & Market Research)
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, 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 - 425 003, 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 2811 13/4, Fax: +91 2668 281030

PV Solar Power Plant

Survey No. - 20 & 40,
Village - Fatepur, Taluka - Dasada,
Dist. Surendranagar - 382755, Gujarat, India.

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited

C-101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai: 400 083
Tel: +91 22 49186000
FAX: +91 22 49186060
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 /± 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 (3Φ) & 315MVA/400kV (1Φ)]
- ▶ EPC Projects upto 765kV from design to commissioning for AIS and GIS on turnkey basis
- ▶ Transmission Line packages upto 765kV AC /± 800kV HVDC on turnkey basis
- ▶ All manufacturing units accredited by Bureau Veritas Certification for ISO 9001, ISO 14001, OHSAS 18001 & ISO / IEC 27001
- ▶ 900+ EMC0ites located in 4 plants, various project sites & regional offices across India
- ▶ Exports to more than 50 countries in Africa, Americas, Europe, Middle-East, Asia Pacific and the Indian subcontinent
- ▶ Government recognized IN-HOUSE R&D Centre

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FINANCIAL HIGHLIGHTS

(All amounts in ` Lakh, unless otherwise stated)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Revenue Account					
Net Sales	84,134.75	80,625.10	91,223.28	83,067.93	66,880.96
EBIDTA	4091.29	6,843.95	9,253.60	8,913.83	7,608.28
Profit / (Loss) Before Tax (PBT)	(9,772.20)	(4,772.20)	607.02	1,082.98	556.21
Taxation	(2,887.47)	(2,266.61)	281.57	376.13	267.76
Profit / (Loss) After Tax (PAT)	(6,884.83)	(2,505.59)	325.45	706.85	288.45
Capital Account					
Share Capital	1,355.52	1,351.52	1,351.52	1,302.74	1,302.74
Reserves & Surplus	45,280.03	52,117.41	54,645.81	55,784.48	55,154.85
Shareholders' Fund	46,635.55	53,468.93	55,997.33	57,087.22	56,457.59
Borrowings	94500.00	80357.99	75814.47	48,678.08	42,343.52
Financial Ratios					
EBIDTA to Sales	4.86%	8.49%	10.14%	10.73%	11.38%
PBT to Sales	(11.62%)	(5.92%)	0.67%	1.30%	0.83%
PAT to Sales	(8.18%)	(3.10%)	0.36%	0.85%	0.43%
Book Value (Face value ` 2/- per share)	68.81	79.12	82.87	87.64	86.68
Debt Equity Ratio	1.99	1.50	1.31	0.85	0.75
EPS (`) - Basic	(10.18)	(3.76)	0.50	1.09	0.44
Dividend	NIL	NIL	5%	5%	10%

DIRECTORS' REPORT

To,

The Members of EMCO Limited,

Your Directors present the 52nd Annual Report on the business and operations of the Company together with the Standalone and Consolidated Audited Financial Statements for the year ended 31st March 2017.

Financial Summary/ Highlights:

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

(Rupees in Lakhs)

Particulars	Standalone	
	2016-17	2015-16
Total Income	86792.15	83867.71
Profit/(loss) before exceptional item and tax	(5852.72)	(4772.20)
Exceptional Item	(3919.58)	-
Profit before tax	(9772.30)	(4772.20)
Less: Provision for Tax – Current		-
Deferred Tax	(2887.47)	(2266.61)
Earlier Year Tax	-	-
MAT Credit Entitlement	-	-
Profit After Taxation	(6884.83)	(2502.59)
Add: Balance brought forward from previous year		
Profit Available For Appropriation	9535.32	16420.15
APPROPRIATIONS:		
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Balance carried to Balance Sheet	9535.32	16420.15
TOTAL APPROPRIATION:	9535.32	16420.15

Indian Accounting Standards

Pursuant to Ministry of Corporate Affairs notification dated 16th February, 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted Indian Accounting Standards (Ind-AS) with effect from 1st April, 2016. Consequently, figures of previous year are re-grouped as per Ind-AS.

Overview of Company's Financial Performance

During the year under review, Income from Sales and Services of the Company increased to Rs. 86,792.15 Lakh against Rs. 83,867.71 Lakh in the previous financial year, a rise of 3.50%.

The Company has incurred a net Loss of Rs. 6,884.83 Lakhs in the current financial year against the net loss of Rs. 2,502.59 Lakhs in the previous financial year.

Transfer to Reserve:

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

Dividend:

Considering the financial performance of the Company for the year under review, your Directors have not recommended any dividend.

Share Capital:

During the year under review, the Company allotted 1,99,998 Equity shares to the eligible employees of the Company on 28th October, 2016 pursuant to Employee Stock Option Scheme-2011 of the Company. Consequently, the total paid up equity share capital of the Company increased from Rs. 13,51,51,770 divided in to 6,75,75,885 equity shares of Face Value of Rs. 2/- per share to Rs. 13,55,51,766 divided in to 6,77,75,883 equity shares of Face value of Rs. 2/- each.

Change in the nature of business:

There was no change in the nature of business of the Company during the year under review. During the financial year 2016-17, the Company has sold it's Wind Mill Businesses situated at Sinner and Sangli, in the state of Maharashtra.

Public Deposits:

During the financial year 2016-17, your Company has not accepted any deposit within the meaning of Section 73 and Section 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

Subsidiaries, Associates and Joint Ventures Companies:

The Company has following Non-material unlisted subsidiaries:

A. Direct Subsidiaries :**I. Indian :**

- EMCO Power Limited
- EMCO Renewable Energy Limited
- Shekhawati Transmission Service Company Limited
- EMCO Infrastructure Limited

II. Foreign :

- EMCO Overseas Pte Limited (Singapore)
- EMCO Global DMCC (Dubai)

B. Step Down Subsidiaries :**I. Indian :**

- EMCO Transmission Networks Limited

II. Foreign :

- PT Setenco Investa Niaga (Indonesia)

C. Joint Venture Companies through EMCO Power Limited (WOS):

- Shyam Emco Infrastructure Ltd
- Kalinga Energy and Power Ltd.

As per the provisions of Section 136 of the Companies Act, 2013, the Annual Audited Financial Statements of each of the subsidiaries of the Company are displayed on the website of the Company. The Audited Financial Statements of the subsidiary companies for the Financial Year 2016-17 will be available for inspection by any Member of the Company. If any Member of the Company so desires, the Company will be happy to make available the Annual Audited Financial Statements 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 Saturday.

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 statements of Subsidiaries/ Associate Companies/ Joint Ventures in form AOC- I which is prepared pursuant to Section 129 of the Companies Act, 2013 and annexed herewith as "Annexure- A".

Directors and Key Managerial Personnel:

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 (DIN: 00005829), Whole Time Director designated as Chairman of the Company, being longest in the office, shall retire by rotation at the ensuing 52nd Annual General Meeting (AGM) and being eligible, offer himself for re-appointment.

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.

During the year under review, Mrs. Priyamvada Bhumkar (DIN: 00726135), (Women- Independent Director) resigned with effect from 8th August, 2016 from the directorship of the Company. The Board placed on record its appreciation for valuable contribution and support extended by Mrs. Priyamvada Bhumkar during her tenure as the Independent Director of the Company.

The tenure of Mr. Rajesh S. Jain (DIN: 00005829), Whole Time Director (WTD) designated as Chairman of the Company, expires on 19th October, 2017. The Board at its meeting held on 27th May, 2017, on recommendation of Nomination and Remuneration Committee has approved the re-appointment of Mr. Rajesh Jain for a further period of 3 (three) years and is recommended to the members of the Company for their approval at ensuing 52nd Annual General Meeting of the Company. His re-appointment and remuneration is in terms of Section 196, 197, 198, 200 and 203 read with provisions of Schedule V of the Companies Act, 2013. The detailed terms and conditions including remuneration have been mentioned in the Notice convening 52nd Annual General Meeting of the Company.

During the year under review, pursuant to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013, Mrs. Archana Capoor (DIN: 01204170) was appointed as an Additional Director of the Company with effect from 10th January, 2017 to hold office up to the date of ensuing 52nd AGM of the Company. The Company has received a notice in writing from a member of the Company along with requisite deposit under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director of the Company for a term of 5 (five) years.

Your Directors recommend the appointment and re-appointment of Directors as mention above.

Brief profile of the Directors proposed to be appointed/re-appointed as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), are provided in the Notice of 52nd AGM of the Company.

Pursuant to requirement of provisions of Section 203 of the Companies Act, 2013 the Board of Directors noted that Mr. Rajesh S Jain (DIN: 00005829) Whole Time Director as Chairman, Mr. Amit Sudhakar, Chief Financial Officer and Mr. Ganesh Tawari, Company Secretary, are the Key Managerial Personnel of the Company as on the date of the Board Report.

None of the Directors of your Company is disqualified under the provisions of Section 164 (2) of the Companies Act, 2013.

Declaration by Independent Directors

The Company has received declaration of Independence from Independent Directors under Section 149(7) of the Companies Act, 2013 (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 order 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 order passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

Disclosure of Internal Financial Control:

The Board has adopted and implemented the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. The Internal Controls are tested for adequacy, efficiency and effectiveness through audit by Internal Auditors and the observations, corrective and preventive actions are reviewed by the management and Audit Committee of the Board of Directors.

During the Financial Year under review, no material or serious observation has been received from the Internal Auditors of the Company for inadequacy or ineffectiveness of such control.

Number of Meetings of the Board and Audit Committee:

During the year under review, 4 (Four) Board Meetings and 4 (Four) Audit Committee Meetings were held as per details given in the Report of Corporate Governance. A Notice of Meetings of the Board of Directors and Committee thereof is circulated well in advance along with the agenda giving detailed explanations, to enable the Board and Committee to take an informed decision. Details of other committees are given in Corporate Governance Report.

Composition of Audit Committee

As on 31st March, 2017, Audit Committee of the Company comprises of three Non-Executive Directors and all are Independent Directors. All members have knowledge of Finance, Accounting and Law. Composition of the Audit Committee as on 31st March, 2017 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

During the year under review, Mrs. Priyamvada Bhumkar was a member of the Audit committee of Board of the Company. Subsequent to her resignation from Board of the Company w.e.f 8th August, 2016 her membership in Audit Committee of the Board was automatically ceased.-

There were no matters during the financial year 2016-17 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 Section 177 of the Companies Act, 2013 and 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 Companies Act, 2013 read 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 and the details of the ratio of remuneration of each Director to the median employee's remuneration 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 Companies Act, 2013 (the Act) and the Companies (Audit & Auditors) Rules, 2014, M/s. P. Raj & Co. (FRN: 108310W) and M/s. Chaturvedi & Shah (FRN: 101720W), Chartered Accountants, Joint Statutory Auditors of the Company were appointed for their second term for a period of 2 (two) years and 5 (five) years respectively at the 50th Annual General Meeting (AGM) held on 25th September, 2015.

M/s. P. Raj & Co., the existing Joint Statutory Auditors of the Company will complete their second term of appointment in the ensuing 52nd AGM.

The Audit Committee and the Board of Directors places on record their deep appreciation for the professional services rendered by M/s. P. Raj & Co. during their long association as Statutory Auditors of the Company, while maintaining the ethical standards and high level of governance.