



53rd ANNUAL REPORT 2017-18



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. Archana Capoor

B.Sc. (Chemistry), MBA (F & MR)
Woman - Independent Director

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Ganesh Tawari

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

STATUTORY AUDITORS

Chaturvedi & Shah

Chartered Accountants

SOLICITORS

Juris Corp

BANKERS

Dena Bank | State Bank of India |

Bank of India | 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 / 2583 0527

Industrial Transformer Plant

N-104, MIDC Area, Mehrun, Jalgoan - 425 003. Maharashtra, India

Tel : +91 257 2272 462 / 572, Fax : +91 257 2272 598

Distribution Transformer Plant

Gat No. 113, 114, 115, Aurangabad Road,

Umala, Jalgaon - 425 003, Maharashtra, India.

Tel: +91 257 2350 506 / 507

Fax : +91 257 2350 505

Tower Plant

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

Dist. Vadodara - 391510, Gujarat, India,

Tel: +91 2668 281030 / 29 , 9601151038

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited

C 101, 247 Park, LBS Marg,

Vikhroli West, Mumbai - 400083.

Tel. No. +91 22 4918 6000

Fax No. +91 22 4918 6060

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 (3Ø) & 315MVA/400kV (1Ø)]
- 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+ EMCOites 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	2017-18	2016-17	2015-16	2014-15	2013-14
Revenue Account					
Net Sales	34,598.28	84,134.75	80,625.10	91,223.28	83,067.93
EBIDTA	(8,059.99)	4,091.29	6,843.95	9,253.60	8,913.83
Profit/(Loss) Before Tax (PBT)	(23,291.70)	(9,772.20)	(4,772.20)	607.02	1,082.98
Taxation	(7,269.46)	(2,887.47)	(2,266.61)	281.57	376.13
Profit/(Loss) after Tax (PAT)	(16,022.24)	(6,884.83)	(2,505.59)	325.45	706.85
Capital Account					
Share Capital	1,358.18	1,355.52	1,351.52	1,351.52	1,302.74
Reserves a& Surplus	29,302.43	45,280.03	52,117.41	54,645.81	55,784.48
Shareholder's Fund	30,660.61	46,635.55	53,468.93	55,997.33	57,087.22
Borrowings	1,01,433.34	94,500.00	80,357.99	75,814.47	48,678.08
Financial Ratios					
EBIDTA to Sales	(23.30%)	4.86%	8.49%	10.14%	10.73%
PBT to Sales	(67.32%)	(11.62%)	(5.92%)	0.67%	1.30%
PAT to Sales	(46.31%)	(8.18%)	(3.10%)	0.36%	0.85%
Book Value (Face Value Rs. 2/- per Share)	45.15	68.81	79.12	82.87	87.64
Debt Equity Ratio	3.31	2.03	1.50	1.35	0.85
EPS (Rs.) - Basic	(23.63)	(10.18)	(3.76)	0.50	1.09
Dividend	NIL	NIL	NIL	5%	5%

DIRECTORS' REPORT

To,

The Members of EMCO Limited,

Your Directors present the 53rd 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 2018.

Financial Summary/ Highlights:

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

(Rupees in Lakhs)

Particulars	Standalone	
	2017-18	2016-17
Total Income	34,998.88	86,792.15
Profit/(loss) before exceptional item and tax	(23,291.70)	(5,852.72)
Exceptional Item	-	(3,919.58)
Profit before tax	(23,291.70)	(9,772.30)
Less: Provision for Tax - Current	-	-
Deferred Tax	(7269.46)	(2,887.47)
Earlier Year Tax	-	-
MAT Credit Entitlement	-	-
Profit After Taxation	(16,022.24)	(6,884.83)
Add: Balance brought forward from previous year		
Profit Available For Appropriation	(6486.92)	9,535.32
APPROPRIATIONS:		
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Balance carried to Balance Sheet	(6486.92)	9,535.32
TOTAL APPROPRIATION:	(6486.92)	9,535.32

Overview of Company's Financial Performance

During the year under review, Income from Sales and Services of the Company stood at Rs. 34,998.88 Lakh as compared Rs. 86,792.15 Lakh in the previous Financial Year.

The Company has incurred a net Loss of Rs. 16,022.24 Lakh in the current financial year against the net loss of Rs. 6,884.83 Lakh 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 66,666 Equity shares to the eligible employees on 16th November, 2017 and 66,666 Equity Shares on 29th January, 2018 pursuant to Employee Stock Option Scheme-2011 of the Company. Consequently, the total paid up equity share capital of the Company increased from Rs. 13,55,51,766 divided in to 6,77,75,883 equity shares of Face Value of Rs. 2/- per share to Rs. 1,35,818,430 divided in to 6,79,09,215 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.

Public Deposits:

During the financial year 2017-18, 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 Audited Financial Statements of each of the subsidiaries of the Company and Management Accounts of Emco Overseas PTE Ltd. are displayed on the website of the Company. The Audited Financial Statements of the subsidiary companies for the Financial Year 2017-18 will be available for inspection by any Member of the Company. If any Member of the Company so desires, the 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. Shailesh S. Jain (DIN: 00005829), Non-Executive Director of the Company, being longest in the office, shall retire by rotation at the ensuing 53rd Annual General Meeting (**AGM**) and being eligible, offer himself for re-appointment.

Your Directors recommend the re-appointment of Director as mentioned above.

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.

The tenure of Mr. Rajesh S. Jain (DIN: 00005829), Whole Time Director (WTD) has expired on 19th October, 2017 and members of the company approved the re-appointment of Mr. Rajesh S. Jain (DIN:00005829) Whole Time Director (WTD) for the period of 3 years w.e.f 20th October, 2017 at 52nd Annual General Meeting of the Company.

Similarly, the appointment of Mrs. Archana Capoor (DIN: 01204170) was regularized as Independent Director for first term of five years at the 52nd Annual General Meeting held on 25th September, 2017

During the year under review, Mr. Amit Sudhakar, Chief Financial Officer of the Company resigned on 29th September, 2017. The board placed on record its appreciation for valuable contribution and support extended by Mr. Amit Sudhakar during his tenure as Chief Financial Officer of the Company and members of various committees'

Mr. Ganesh Tawari, Company Secretary has also given the additional charge of CFO with effect from 20th March, 2018

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 53rd AGM of the Company.

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 and dates of meetings of the Board and attendance of the directors:

During the year under review, 6 (Six) Board 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.

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. Chaturvedi & Shah (FRN: 101720W), Chartered Accountants, Statutory Auditors of the Company were appointed for their second term for a period of 5 (five) years at the 50th Annual General Meeting (AGM) held on 25th September, 2015.

The appointment of M/s. Chaturvedi & Shah (FRN: 101720W) as Statutory Auditors of the Company shall be required to be ratified by the members at the ensuing 53rd Annual General Meeting. The Company has received written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and if their appointment is ratified, their appointment would be within the limits prescribed under Section 139 of the Act. Your Directors recommend the ratification of appointment of M/s. Chaturvedi & Shah as Statutory Auditors of the Company.

Members are informed that as per the amended Provision of Section 131 (1) of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, there is no requirement of ratification for appointment of Statutory Auditor at every Annual General Meetings. Thus, your Director's recommend the ratification of appointment of M/s. Chaturvedi & Shah, Chartered Accountants as a statutory auditors of the Company till 55th Annual General Meeting

b) Secretarial Auditors

Pursuant to provisions of Section 204 of the Companies Act, 2013 (the Act) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. MMJC & Associates LLP, Practicing Company Secretaries, Mumbai were appointed as Secretarial Auditors of the Company to conduct Secretarial Audit for Financial Year 2017-18.

The Report on Secretarial Audit for the Financial Year 2017-18, issued by M/s. MMJC & Associates LLP, in form of MR-3, forms an integral part of this Board's Report annexed herewith and marked as "**Annexure- D**".

In terms of Section 204 of the Act, on the recommendation of the Audit Committee, the Board of Directors has appointed M/s. MMJC & Associates LLP, Practicing Company Secretaries, Mumbai as its Secretarial Auditors to conduct Secretarial audit for Financial Year 2018-19.

The Company has received consent letter and confirmation certificate from M/s. MMJC & Associates LLP to the effect that their appointment as Secretarial Auditors of the Company, if made, would be in accordance with the limit specified under the provisions of the ICSI Guidance Note on Secretarial Audit and they are not disqualified to act as Secretarial Auditors of the Company.

Explanations by the Board on qualifications made by the Auditors:

The delay of 5 days in filing of Form - FLA was inadvertent on the part of the Company.

c) Cost Auditors

The Company is required to maintain cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 (including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) prescribed by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013 in respect of certain activities undertaken by the Company as such the prescribed cost records have been maintained.

Pursuant to the provisions of Section 148(1) of the Companies Act, 2013 (the Act) read with the Companies (Cost Records and Audit) Amendments Rules, 2014 (including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force), the Board of Directors of the Company on recommendation of Audit Committee have appointed M/s. Kishore Bhatia & Associates (FRN: 00294), Cost Accountants, as Cost Auditors of the Company for the financial year 2018-19, to audit the cost records maintained by the Company for its Steel, Electricity and transformers products, at a remuneration of Rs. 1,75,000/- per annum plus applicable tax and reimbursement of out of pocket expense that may be incurred. Your Directors recommend to the members of the Company a resolution for ratification of remuneration payable to the Cost Auditors for the Financial Year ended on 31st March, 2019 is included in the Notice of the ensuing 53rd Annual General Meeting.

The Company has received confirmation certificate from them to the effect that their appointment as Cost Auditors of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and rules made there under and they are not disqualified to act as Cost Auditors of the Company.

Certificate in this regard is obtained from Cost Auditors for the financial year ended 31st March, 2018.