



emmbi
INDUSTRIES LIMITED

2016 Annual Report





“The future belongs to the few of us still willing to get our hands dirty.”

– Roland Tiangco

Hands.

Hands brighten our world.

Hands do wonderful things. They build the sturdiest structures. Create the most intricate and minute pieces of jewelry. They create the most advanced machines. And weave the most vibrant and colorful designs. Indeed, hands create wonders.

Which is why, at Emmbi Industries, we salute the hands that help lift us to greater heights – those of our blue-collared employees. Workers are the core at Emmbi. It is they who weave the fabric that finds varied applications in every corner of the globe. It is their effort that is ultimately translated into meaningful value for our stakeholders. It is they who have helped us reach these heights of success.

It's no coincidence that our symbol – the Whizz – has its topmost ribbon in blue. Because this blue represents our workers who have toiled through the years and helped make Emmbi a respected and premium brand.

It is fitting then, to dedicate this annual report to

The hands that built Emmbi.





Corporate information

BOARD OF DIRECTORS

Mr. Makrand M. Appalwar
Chairman & Managing Director

Mrs. Rinku M. Appalwar
Executive Director & CFO

Mr. Sanjay R. Rathi
Independent Director

Mr. Prashant K. Lohiya
Independent Director

Dr. Venkatesh G. Joshi
Independent Director

COMPANY SECRETARY

Mr. Kaushal R. Patvi

STATUTORY AUDITORS

K. J. Shah & Associates

SECRETARIAL AUDITORS

Sanjay Dholakia & Associates

REGISTERED OFFICE

99/2/1& 9, Madhuban Industrial Estate
Madhuban Dam Road, Rakholi Village
U.T. of Dadra & Nagar Haveli
Silvassa – 396 230

Tel: +91 (0260) 320 0948

Fax: 022 6784 5506

Email: info@emmbi.com

Website: www.emmbi.com

COMPANY IDENTIFICATION NUMBER (CIN)

L17120DN1994PLC000387

BOARD COMMITTEES

Audit Committee

Mr. Sanjay R. Rathi (Chairman)
Mr. Prashant K. Lohiya
Dr. Venkatesh G. Joshi
Mrs. Rinku M. Appalwar

Nomination & Remuneration Committee

Mr. Sanjay R. Rathi (Chairman)
Mr. Prashant K. Lohiya
Dr. Venkatesh G. Josh

Committee of Directors Committee

Mr. Makrand M. Appalwar (Chairman)
Mr. Sanjay R. Rathi
Mrs. Rinku M. Appalwar

BANKERS

Punjab National Bank
ICICI Bank Limited
Axis Bank Limited

SHARE TRANSFER AGENTS

Datamatics Financial Services Limited
Plot No. B-5, Part B Crosslane
MIDC, Marol, Andheri (E), Mumbai 400 093.
Tel: 022 - 66712151-56
Fax: 022 - 66712161
Email: investorsqry@dfssl.com

Corporate Social Responsibility Committee

Dr. Venkatesh G. Joshi (Chairman)
Mr. Sanjay R. Rathi
Mr. Prashant K. Lohiya
Mrs. Rinku M. Appalwar

Stakeholders Relationship Committee

Mr. Prashant K. Lohiya (Chairman)
Mr. Sanjay R. Rathi
Mrs. Rinku M. Appalwar

Contents

This is Emmbi	4
Chairman's Address	6
Notice of Annual General Meeting	8
Directors Report	12
Your Directors	17
Annexure to Directors Report	20
Management Discussion and Analysis	34
Analysis of Financial Statements	38
Corporate Governance Report	42
Corporate Governance Certificate	51
Certifications by the CEO and CFO	54
Independent Auditors' Report	55
Annexures to Independent Auditors' Report	57
Balance Sheet	61
Statement of Profit & Loss	62
Cash Flow Statement	63
Significant Accounting Policies	64
Notes on Financial Statements	68
Attendance Slip	79
Proxy Form	80



This is Emmbi.

At Emmbi Industries, “Brighter Every Way” is a deep-rooted belief that guides our thoughts, our actions and the initiatives we take. Emmbi Industries began as a twinkle in the eyes of first-generation entrepreneurs, Makrand and Rinku Appalwar. An opportunity spotted in 1994 saw the birth of Emmbi in the November of 1994 with one small manufacturing unit in Silvassa. Since then, Emmbi has grown from strength to strength, transforming into a leading player in the area of woven polymeric products.

The Whizz Our philosophy and guiding principles are embodied in our corporate symbol - the “Whizz”. It stands for the energy and flexibility that we bring to our business. The ribbons embody the freedom and the flexibility that we encourage. Their upward slant represents our ambition and vision. Our colors represent the qualities that we are known for.

Our colors Yellow stands for the optimism and the energy that we bring to the table. It embodies our creative bent of mind, as we innovate to find tailor-made solutions to our customers’ problems. Green embodies the freshness of our ideas, and our responsibility to the environment, our community and our society. It stands for our commitment to Mother Earth and the bounty that she bestows us with. Blue is for the loyalty that we bring to our customers, partners, shareholders and employees alike. In particular, it speaks to the gratitude that we feel to our blue-collared employees. For, it is they who are the backbone of not just Emmbi, but of industry at large.

The upshot of this philosophy is that Emmbi has been able to consistently deliver superior value to each of our stakeholders. And ultimately, has been able to deliver superior business performance and better returns to you, the investor.

Ultimately, that is what “Brighter Every Way” stands for.

We are in the business of brightening lives.

As a leader in the polymer processing business, Emmbi caters to a wide range of customers and industries with our innovative solutions. Our products find applications across a number of industries, and broadly fall into four key groups:

Water Conservation Emmbi manufactures a range of products that help in the storage, transportation, conservation and harvesting of water, apart from fulfilling the irrigation needs of farmers across the country.

Advanced Composites This refers to a range of products that are primarily meant to take care of human safety, especially in hazardous environments. Our protective films and fabrics are used for transportation and management of hazardous material.

Specialty Packaging Emmbi caters to a range of customers globally, serving industries as varied as chemicals, e-commerce, oil and water, through a range of products for transportation and storage.

Agri Products This refers to a range of products especially made for the farming community. Typical applications include those for yield improvement through crop protection systems, fermentation, storage, radiation- and hailstorm-control and weed management products.



Ensuring Human Safety

Emmbi's products find a number of applications for Human Safety. One such example is Fall Arrest Systems, like large airbags to break a fall (left). Our polymer films are lightweight and incredibly strong, making them the perfect ingredient in custom-made airbags for varied applications.

A portrait of a middle-aged man with dark hair and glasses, wearing a dark suit, white shirt, and blue tie. He is smiling slightly and looking towards the camera. The background is blurred, showing an office setting with a desk and some decorative items.

Chairman's Address

‘Differentiation is not about what you know, it is about what you notice.’

Dear Shareholders,

I am pleased to inform you of another commendable year at Emmbi. If last year was significant in terms of exports crossing the one billion rupees mark, this year not only did we beat those numbers, we reported growth across all segments. We have been recognised as a full-fledged In-house R&D Center by the Ministry of Science & Technology, Government of India. I have come to realise that there are three building blocks that are integral for a company to be successful in the long run. Firstly, it has to showcase Sustainable Growth, next it has to have a Differentiator irrespective of the industry it operates in, and lastly it has to utilise Capital Efficiently. You would be glad to know that at Emmbi this is being translated into action, and it is reflected in the financial performance.

Economic output and trends around the globe remained mixed, with pick up across the US, parts of Western Europe, and India, and steep declines in commodity exporting countries, and in China. India continued to be one of the better performing economies, and the subdued commodity prices have helped it both from a fiscal, and structural perspective. I had mentioned in the previous address that the country is yet to capitalise on its demographic dividend, and when it does so, opportunities for Emmbi can be tremendous. India's 2016 budget prioritises rural and farm sector, social development, infrastructure, employment generation, and recapitalisation of banks.

I shall attempt to explain how the interests of Emmbi are directly aligned with the priorities of what the Government considers essential in its budget focus. Whenever the government increases its budgetary allocation to a particular area, it generates two positive outcomes. One is the direct impact that this spend creates in terms of infrastructure development, and employment, second the feedback effect of increasing the disposable income in the hands of the rural consumer. Emmbi would benefit from both these, as its products not only find applications in overall rural development, but also in having the rural diaspora as its consumer.

How are we growing, and ensuring that this is sustainable in the long term?

Emmbi has evolved positively in the past 22 years, and would keep doing so in the years to come. Our top-line growth has never been at the expense of margins, or outside the core capabilities of the company. We commenced operations as a manufacturer of polymer based packaging that find, varied applications from packaging of retail and industrial goods, and we continue to derive major revenues from this segment (speciality packaging). However our investments in research and development, and our understanding of the customer needs have helped us move up the value chain with the advanced composites segment contributing to a significant share of the revenues. In the near future, we expect sales of Advance Composites a high margin business, to over-take Speciality Packaging, and be the growth engine of Emmbi.

It pains me to see our country suffer from acute water shortages and hence water conservation has been at the heart of Emmbi. In the recent years water has become a national priority, so our investments in this line has paid off positively, we expect the Water Conservation segment to grow in double digits over the next five years. This business is not only about weaving textiles that find applications in lining of

We are setting up a facility for the manufacture of food- and pharma-grade bags.

lakes, or canals it is also about touching human lives. We have been exporting our pond lining, canal lining, and check dam products across the globe, and now we are adapting to the Indian market. We have researched, designed, and perfected collapsible water tanks that are convenient for storage at homes while saving space. We have also devised flexible tanks for easy transportation of water on bicycles and motorbikes.. Our customers love this product, and now we have engaged a well-reputed international consultancy firm to devise a strategy to grow this business. In short this would be Emmbi's foray into the consumer segment, whilst the core remains specialised polymer processing. The latest segment we have entered is the Agri-Business. India being an agrarian economy, this segment offers tremendous growth potential.

We are in the process of setting up a new facility for the manufacture of food-grade and pharmaceutical packaging. The revised US FDA guidelines make it mandatory for the food industry to comply with these packaging; we anticipate additional revenues from this line. We continue to constantly ask ourselves, *"What next? What would be the next area of growth, and how can Emmbi participate?"* This is what has kept our wheels rolling and would continue to do so in the future.

How are we Differentiating?

It is not about what you know, it is about what you notice.

It is our constant endeavour to listen to needs of the society and our ability to meet demands that has kept us on the growth path. The fact that we are constantly innovating, and bringing tangible benefits to our clients, glues the customers to us. I also believe that innovation is not only about creating value in a laboratory environment, it is also building a culture of innovation around the company. It could come from any of our employees, a scientist, an operator of a machine or from an accountant. We have invested in creating this environment through regular ideation exercises, creative competitions, and workshops. We believe in our people, and are consciously building a team of competent and motivated professionals. These are the facets of our success.

Are we using Capital efficiently?

For a manufacturer not only is profitability and cash flow key, asset utilisation is equally critical. Our capacity utilisation today stands at 83%, and in the next two years we would be reaching over 90%, so the increased benefits of economies of scale (or operational leverage, in financial parlance) have begun to show in recent years. Despite our advanced thinking in terms of business, the anticipated investments have never been a drag on the capital. You would be happy to note that our debt has always been rated investment grade, and we have recently been awarded with a higher rating. This coupled with the gradual lowering of interest rates should help business in the coming years.

You would be hearing from us very soon on some of the other initiatives such as tapping into the consumer market through channel sales, opening up of our own distribution centres, and of course increasing the social spend for a better India. In the meantime let me congratulate my colleagues for the stellar performance in achieving improvements across all operating and financial metrics, thank all stakeholders for the faith in us, and promise that on behalf of the Emmbi family that we shall keep growing this company to greater heights.

With best wishes,

Makrand Appalwar
Chairman
May 17, 2016

It pains me to see our country suffer from acute water shortages and hence water conservation has been at the heart of Emmbi.



A global problem.

Water scarcity is a problem that is not just confined to India. Our innovative range of flexible tanks are a cost effective solution to storage and transportation of water.

Notice of the Annual General Meeting



NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the members of EMMBI INDUSTRIES LIMITED (Formerly known as EMMBI POLYARNS LIMITED) will be held on 16th September, 2016, Friday, at the Registered office of the Company at 99/2/1 & 9, Madhuban Industrial Estate, Madhuban Dam Road, Rakholi Village, U.T. of Dadra & Nagar Haveli, Silvassa – 396 230 at 9.30 a. m. to transact the following business::

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements for the year ended 31st March, 2016 and the Report of the Directors and the Auditors thereon.
2. To declare and approve payment of Dividend of Re. 0.50 per Equity Share for the year ended 31st March, 2016.
3. To appoint a director in place of Mr. Makrand Appalwar (DIN: 00171950), who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. K. J. Shah & Associates, Chartered Accountants as Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, and subject to the approval of members of the company in the ensuing Annual General Meeting, M/s. K. J. Shah & Associates, Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting to the next Annual General Meeting of the Company at a remuneration as may be fixed by the Board of Directors.”

By Order of the Board of Directors
For Emmbi Industries Limited

Date: 17th May, 2016
Place: Mumbai

Kaushal Patvi
Company Secretary

Registered Office Address:
99/2/1 & 9, Madhuban Industrial Estate,
Madhuban Dam Road, Rakholi Village,
U.T. of Dadra & Nagar Haveli,
Silvassa – 396 230.

NOTES

1. A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and a proxy need not be a member of the company.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.