



powering tomorrow's dreams





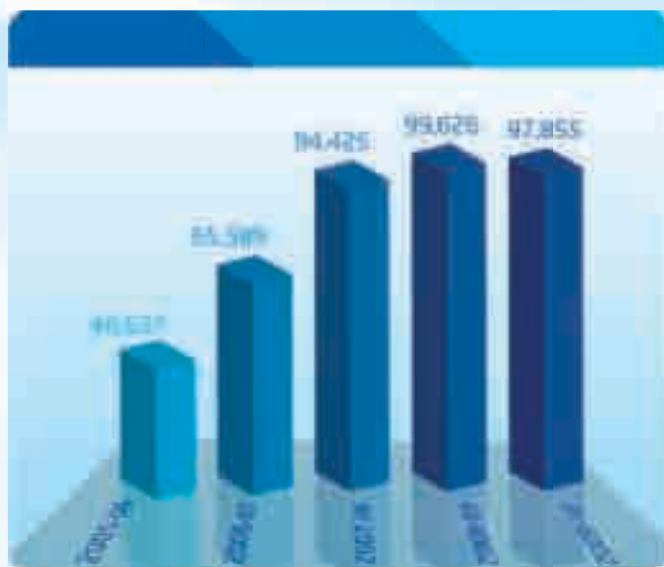
WORLD'S ENVY, INDIA'S PRIDE

EMCO becomes the first transformer manufacturer in the world to have successfully tested a 315MVA 230kV Generator Transformer for Dynamic Short Circuit Test in accordance with International Standard IEC: 60076-5 at the KEMA high power test lab in The Netherlands.

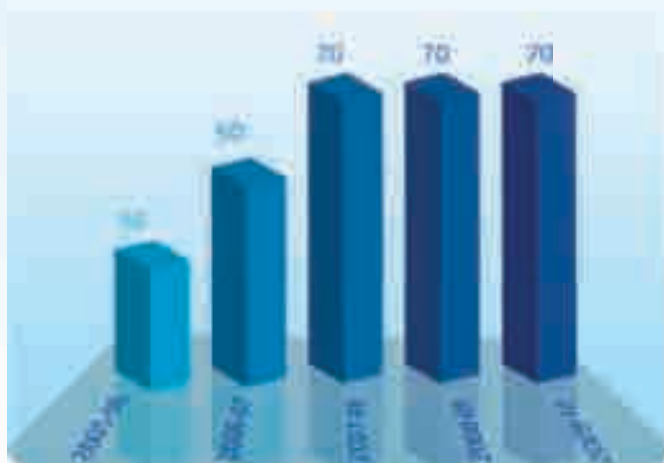
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Financial Highlights



DIVIDEND (in percentage)



NET WORTH (Rupees in Lakhs)



(Rupees in Lakhs)

	2009-10	2008-09	2007-08	2006-07	2005-06
Revenue Account					
Net Sales	97,855.32	99,625.77	94,425.33	65,588.56	40,537.01
EBIDTA	23,797.26	13,826.96	12,902.22	8,670.09	4,579.89
Profit Before Tax(PBT)	18,328.97	8,037.32	9,521.06	6,091.27	2,839.39
Taxation	4,949.31	2,727.24	3,076.44	2,031.60	932.29
Profit After Tax(PAT)	13,379.66	5,310.08	6,444.62	4,059.67	1,907.10
Capital Account					
Share Capital	1,238.54	1,176.74	1,176.74	1,020.94	763.94
Share Warrants	497.55	1,955.00	1,955.00	217.50	85.50
Reserves & Surplus	56,998.56	40,824.22	36,477.85	28,684.74	12,569.64
Shareholders' Fund	58,734.65	43,955.96	39,609.59	29,923.18	13,419.08
Borrowings	25,990.16	35,614.41	30,836.07	18,527.70	10,627.97
Financial Ratios					
PBT to Sales(%)	18.73%	8.07%	10.08%	9.29%	7.00%
PAT to Sales (%)	13.67%	5.33%	6.83%	6.19%	4.70%
PAT (4 year CAGR)	62.75%	53.33%	100.04%	98.62%	92.93%
Book Value(Rupees)*	94.85	74.71	67.32	67.69	37.43
Debt Equity Ratio	0.44	0.81	0.78	0.62	0.79
EPS (Rupees)- Basic	22.72	9.03	11.14	9.18	5.32
Dividend %	70%	70%	70%	50%	30%

* The face value per share was changed from Rs. 10 to Rs. 2, hence the figures for 2005-06 and 2006-07 are re-institated.

Chairman's Message

Dear Shareholder,

2009 was a year when many remarkable global changes have taken place. Post Lehman brothers, banking reforms were seen and economy of many countries saw a phase which they had not seen since few decades. This did impact global economy and recovery is now visible. However, Indian economy was one shining star globally. This obviously saw us moving as closer to the world recognising how India will be a catalyst in economic recovery of many countries. Every country now will have India strategy and it is clear that India has capability to play important role in helping global economy to recover. These are long term sentiments and not short term euphoria.

Indian economy faced similar situation as global economy was facing but regulated central bank proved how to manage stimulus package and bring back growth on track. India could recover its path by second half of 2009-2010. Even then, it did leave scar on slow growth in first half when manufacturing industry like ours suffered and pace of growth for year was overall slow. Your Company's performance under the circumstances was definitely impacted.

While our strategy is to remain focussed in the T & D segment of power sector, challenges on competition and execution front including margin pressure are evident. The Industry is facing acute shortage of skilled manpower in EPC business specially in Transmission line stringing area which has impacted overall Industry's performance and your Company's too. However, your Company is taking continuous steps to overcome these challenges by improving efficiency, productivity, execution capability and enhancing skills of human resources by a continuous process of learning & development but at the same time also see its impact in short term.

We are optimistic about the future prospects for the power industry and those for your Company. India's very need of the hour is power and other infrastructure as repeatedly pointed out by all big economists and industrialists. Infact, India is expected to add a generation capacity of 62,000 MW on certainty basis in the 11th five year plan, out of the planned target of 78,577 MW. If one goes by the actual implementation of the plan so far, the country will have to go for capacity addition of around 37,000 MW in the remaining two years of the 11th plan. This offers remarkable opportunities to Companies like EMCO. Your Company has emerged as a formidable force in providing turnkey transmission solutions (400kV- 765 kV extra high voltage segment) in the dynamic power sector in India.

To stay ahead of time and match the pace of change, your Company always endeavours towards inculcating a culture that encourages innovations and work on fresh technology perspective. Your Company has well equipped corporate R&D Centre, staffed by a team of specialists and professionals working passionately on innovative development projects synergic to the Company's business interest.

In order to protect intellectual property rights and to create further wealth for our shareholders, your Company has also filed few patents.

During the year, your Company has achieved various milestones and some of them are:

- First transformer manufacturer in the world to have successfully tested a 315MVA, 230 kV Generator Transformer for Dynamic Short Circuit Test at the world-renowned KEMA High Power Test Lab, Netherlands.
- Only Indian Company selected to present a technical paper at CIGRE in Paris, France.
- Appreciation Certificate from Hon'ble Union Minister for State for Power for the Product- 'Eco-friendly Dielectric Fluid for Transformer' for the Best Product Contest at ELECRAMA-2010.

Your Company sold one of its subsidiaries EMCO Energy Limited, which was setting up a thermal power project, in order to unlock the value to pursue larger opportunities in the power generation business. The Company, in order to fuel its power generation plans, had perceived this strategy after taking into consideration the changing scenario in the power sector in which the emphasis is essentially on large size projects to become competitive, cost efficient and environmental friendly. The decision has earned good return on investment and increased your Company's network and risk taking capability against future unforeseen events. However, the Company has only sold a Project and not the business and therefore, entire core team and knowledge remains with the Company.

While pursuing growth in business, the Company does not neglect its social responsibilities. Every year, it contributes minimum 1 per cent of its net profit to health, education and environment protection activities, which are handled by EMCO Foundation.

Finally, let me express my personal gratitude for the confidence that you have always bestowed on us. I sincerely hope that you will continue to be our strength, so that, together, we can reap the benefits of the phenomenal opportunities unfolding in front of us and become stronger and successful in the coming years.

Yours sincerely,



Rajesh S. Jain
Chairman

Board of Directors

BOARD OF DIRECTORS

Mr. Rajesh S. Jain,
B.E. (Electronics)
Chairman

Mr. Shailesh S. Jain,
B.E. (Chemical)
Vice Chairman

Mr. Ajay Kumar Dhagat,
B.E. (Electrical)
Managing Director

Mr. K. N. Shenoy,
B.E. (Electrical), PGDBA
Independent Director

Mr. S. V. Deo,
B.E. (Electrical), DBM, MIE
Independent Director

Mr. T.N.V. Ayyar,
B.Com, FCA
Independent Director

Mr. Bheru Choudhary,
B.Com, LLM
Independent Director

Mr. Anil Kumar Sardana,
B.E. (Electrical), AICWA, PGDBM
Independent Director

CHIEF FINANCIAL OFFICER

Sunil Rustagi

FCA, AICWA, ACS, CPA (USA)

COMPANY SECRETARY

Praveen Kumar

B.Com, LLB., ACS

AUDITORS

P. Raj & Co.

Chartered Accountants

BANKERS

Dena Bank

State Bank of India

Bank of India

State Bank of Hyderabad

ING Vysya Bank Limited

The Federal Bank Limited

Andhra Bank

Union Bank of India

Canara Bank

Standard Chartered Bank

SOLICITORS

Dudhat Pereira & Associates

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai
400078

Tel: 91 22 25946970

Fax: 91 22 25946969

e-mail: rnt.helpdesk@linkintime.co.in

PLANT LOCATIONS

Power Transformer Plant:

Plot No. F-5, Road No.28, Wagle Industrial Estate,
Thane - 400 604.

Tel: 91 22 4040 4500.

Fax: 91 22 2582 0571.

Industrial Transformer Plant:

N-104, MIDC Area, 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, 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 281029, 281030.

Fax: 91 2668 281030.

Meter Plants:

Plot No. F-5, Road No.28, Wagle Industrial Estate,
Thane - 400 604.

Tel: 91 22 4040 4500.

Fax: 91 22 2582 0571.

Survey No. 57/2, Sanjay Industrial Estate, Building No.3,
Gala No. 1 to 8, Waghdhara Road, Dadra - 396 230,
(Union Territory) Dadra & Nagar Haveli
Tel: 91 260 2668177-78-80
Fax: 91 260 2668176

our vision

“To build a world class company through reliability and be a great place to work”

Our vision is to make our company the best in class in what we do, in the world. The products and services we offer should be comparable to the best in the world, our business processes and systems should set a benchmark for others. We should earn the respect of our competitors and be loved by our stakeholders. Our company should be the most preferred company to work for, for any employee. Here he should feel like a owner, be able to live his dreams, fulfill all his professional goals and have fun while doing so.

As a young, dynamic enterprise, we constantly seek to surpass our past achievements and discover newer, better means to address challenges. Be it problem-solving, customer satisfaction or research, EMCO is geared to respond with utmost dedication and an undying spirit of enthusiasm that inspires and unifies employees while giving the customer a unique advantage.

EMCO culture encourages and enables employees to participate as team members and take initiative - this spirit of entrepreneurship is a key milestone of EMCO's philosophy. Embracing new ideas and new means has been instrumental in our rise and will continue to define our approach. This culture of shared responsibility has given EMCO an unmatched reputation, while winning the trust and goodwill of employees and partners.

our values

Customer Centric

Customer would be the reason for our existence and continuous growth. Every decision we take should add value to our customers. We will try to anticipate as well as meet his needs. We will deliver what we promise and we will not promise what we cannot deliver. Our endeavor shall be to create a rewarding experience, every time a customer interacts or transacts with us.

Reliability

We shall make sure that the products and services we offer and the commitment we make to our stakeholders are most reliable. In all our actions and behaviours, we shall be perceived and seen as a reliable company.

Ownership

Every EMCOite working on any business process should work like a owner of that process. The success and failure of that process should create joy and pain for him personally. He should consider himself responsible for the process and do it to the best of his ability and leave a stamp of personal quality on it.

Result Orientation

As we are in a highly competitive environment we shall be judged by results achieved and not be

content by merely good intention and sincere efforts. We would achieve our results with utmost grit and determination against all odds. Meeting a target would be the minimum expectation, beating the target will always be our endeavor.

Trust & Integrity

We shall endeavor continuously to build trust, in our dealings with all our stakeholders. We shall strive relentlessly to create faith amongst us through our actions. We shall be perceived as a company with people of high integrity. High integrity should be built on a solid foundation of trust and reliability. When this becomes a culture of the organization, employees would know how to respond to a particular situation when faced with an ethical dilemma.

Openness and Transparency

We shall create a work culture where openness to dialogue, expressing one's point of view frankly is encouraged. Every concept, every idea, every system or process can be subjected to this test by anyone in the company without fear. We shall be transparent in providing reliable and pertinent information for enabling an objective assessment of our financial, environmental and social performance.

EMCO at a Glance



- Began operations in 1964.
- India's leading solutions and products provider in power generation, transmission, distribution & industry.
- Among one of the largest manufacturers of transformers in India.
- Manufacturing widest range of transformers (1MVA-500 MVA/400 kV).
- Undertake turnkey EPC Projects upto 765 kV from design to commissioning for AIS and GIS.
- Undertake Transmission Line packages upto 765 kV on turnkey basis.
- All manufacturing units accredited by Bureau Veritas Certification for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.
- 1700+ EMCOTites located in 5 plants & 15 regional offices with products exported to over 40 countries.
- Govt. recognised R&D Centre.

INTERNATIONAL CUSTOMER BASE - OVER 40 COUNTRIES



The International business has its foot-print in more than 40 countries. In order to further accelerate our growth in exports, a majority controlled Joint Venture has been formed in South Africa to address the demands of countries in and around South Africa, plus offices at strategic locations abroad have been opened.

International division offers single point access to all its global customers for its products and services. This focused attention has lead to EMCO's success in the Global market. Consistently meeting international quality standards EMCO today has its presence spread across more than 40 countries in Americas, Europe, Middle-East, Asia Pacific and the Indian Subcontinent. It

has a reputed roster of international clientele from Power Utilities, Oil & Gas Sector, Mining, EPC Contractors and industries.

With its associates and agents spread across the globe, EMCO has garnered the expertise of supplying transformers that meet various international standards like IEC, ANSI, DIN, SANS, etc. Engineers at EMCO are constantly updated on the technological advancements in the industry, with a view to keep them prepared to meet the stringent customer requirements worldwide.

Today EMCO is the only company in India which is pre-qualified with Saudi Electric Company for supply of transformers in generation and distribution.

Directors' Report

To,

The Members of EMCO Limited,

Your Directors take pleasure in presenting their 45th Annual Report on the business and operations of the Company and statement of accounts for the year ended 31st March 2010.

Financial Results

During the year the performance of the Company was as under:

	(Rupees In Lakhs)	
	Current Year 2009-2010	Previous Year 2008-2009
Total Income	103,137.91	105,906.15
Profit Before Taxation	18,328.97	8,037.32
Less: Provision for Tax – Current	4,480.00	2,075.00
Fringe Benefit Tax	–	85.00
Deferred Tax	275.38	567.24
Earlier Year Tax	193.93	–
Profit After Taxation	13,379.66	5,310.08
Add: Balance brought forward from previous year	13,566.60	10,387.56
Profit Available For Appropriation	<u>26,946.26</u>	<u>15,697.64</u>
APPROPRIATIONS:		
General Reserve	1,400.00	750.00
Debenture Redemption Reserve	417.33	417.33
Proposed Dividend	866.98	823.72
Tax on Dividend	147.34	139.99
Balance carried to Balance Sheet	24,114.61	13,566.60
TOTAL APPROPRIATION	<u>26,946.26</u>	<u>15,697.64</u>

Review of Operations

During the year under review, Income from Sales and Services was Rs. 103,138 lakh against Rs. 105,906 lakh in the previous year. The volume in terms of MVA in transformer division stood at 13,692 MVA in the FY 2009-10 against 10,947 MVA in the previous FY, registering growth of 25%. The decline in sales value was mainly attributed to change in product mix coupled with decrease in realisation per MVA due to fall in the commodity prices. Profits before tax was Rs. 18,329 lakh as against Rs. 8,037 lakh in the previous year. This include profit from extra-ordinary item of Rs. 12,735 lakh which was arising out of sale of 100% holding in EMCO Energy Limited, a wholly owned subsidiary of the Company. Profit after Tax for the year under review was Rs. 13,380 lakh as against Rs.5,310 lakh in the previous year. Earning per equity share was Rs. 22.72 as compared to Rs. 9.03 in the previous year.

Dividend

Your Directors are pleased to recommend for your approval, a dividend of 70% i.e Rs. 1.40 per share (Previous Year 70% i.e Rs. 1.40 per share) (face value of Rs. 2 per share) for the year ended 31st March 2010, aggregating to Rs. 1014 lakh (Previous Year Rs. 964 lakh), inclusive of tax on distribution of dividend.

Subsidiary

The Company had three direct subsidiaries in the year under review, namely:-

- EMCO Power Limited,
- EMCO Power Infrastructure Limited,
- EMCO Overseas Pte Limited, Singapore

And three step-down subsidiaries, namely:-

- East West Power Generation Company Limited,
- EMCO Infrastructure Limited *
- EMCO Edison Transformer (Pty) Limited, South

Africa

**The name of the Company is changed from Warora Power Company Limited to EMCO Infrastructure Limited on 27th October 2009.*

In terms of approval granted by the Central Government under section 212 (8) of the Companies Act, 1956, copy of Statement of Accounts along with the reports of the Board of Directors and Auditors Report of the above subsidiary companies have not been attached with the Annual Report of the Company.

These documents will be made available upon request by any member of the Company and its subsidiaries, interested in obtaining the same and a copy of the same is also available for inspection at the Company's corporate office and the registered office of the subsidiary companies between 10:00 A.M. and 12:00 Noon on any working day of the company and its subsidiaries, upto the date of the 45th Annual General Meeting.

Further as directed by Central Government, the financial data of the subsidiaries forms part of this Annual Report and the Consolidated Financial Statements of the Company and its subsidiary Companies, prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, forms part of the Annual Report.

During the year under review, the Company had sold its 100% holding in EMCO Energy Limited to GMR Energy Limited in order to unlock the value to pursue larger opportunities in the power generation business. The Company, in order to fuel its power generation plans, had perceived this strategy after taking into consideration the changing scenario in the power sector in which the emphasis is essentially on large size projects to become competitive, cost efficient and environmental friendly. The decision has earned good return on investment and increased your Company's network and risk taking capability against future unforeseen events. However, the Company has only sold a project and not the business and therefore, entire core team and knowledge remains with the Company.

Fixed Deposits

During the year under review the Company has neither invited nor accepted any fixed deposits from the public.

Directors

At the Board meeting held on 19th April 2010, the Board of Directors had appointed Mr. Ajay Kumar Dhagat as an Additional Director of the Company with effect from the same date to hold the office till the date of ensuing Annual General Meeting. At the same meeting, Mr. Ajay Kumar Dhagat was appointed as Managing Director of the Company with effect from 19th April 2010 for three years that is upto 18th April 2013. The terms and conditions of his appointment, including his remuneration, are subject to approval of the members in the ensuing Annual General Meeting. He will be non-retiring Director till the time he continues as the Managing Director of the Company.

Mr. Anil Kumar Sardana was appointed as an Additional Director on 27th January 2010 and is to hold the office till the date of ensuing Annual General Meeting. Considering his professional background and expertise, the Board is of the opinion that the appointment of Mr. Anil Kumar Sardana, as Director, will be beneficial to the Company.

In accordance with Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S.V. Deo and Mr. Bheru Choudhary, Directors of the Company, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. R.S. Shah ceased to be a Director of the Company with effect from 19th April 2010 on expiry of his term as Director-Technical of the Company. The Board places on record its appreciation for the services rendered by Mr R.S. Shah during his tenure as Director of the Company.

The above appointments/re-appointments forms part of the Notice of the 45th Annual General Meeting. The profile of these Directors as required under Clause 49 of the Listing Agreement entered with the Stock Exchanges, are given in the notice of the 45th Annual General Meeting.

Management Discussion and Analysis

The Management Discussion and Analysis forms part of the Directors' Report and is annexed hereto.

Directors' Report (Contd.)

Corporate Governance Report

As required by clause 49 of the listing agreement with stock exchanges, a report on corporate governance and a certificate confirming compliance with requirement of corporate governance forms part of this report.

Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended on 31st March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended on 31st March 2010 on a 'going concern' basis.

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 an Employee Stock Option Scheme 2006, for the employees. The details of options under the said Scheme as required under ESOP Disclosures to be made under Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given below:

Sr. No.	Particulars	Particulars
1.	Options Granted	305,850 Options
2.	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
3.	Options vested	172,100 Options
4.	Options exercised	38,000 Options
5.	Total number of Ordinary shares arising out of the Options	190,000 Shares
6.	Options lapsed	131,900 Options
7.	Variation of terms of Options	N.A.
8.	Money realized by exercise of the Options	Rs. 171 Lakh
9.	Total number of Options in force	135,950 Options
10.	Detail of option granted to:	A.K.Singh - 5,000 Options
i)	senior management personnel	M.L.Jain - 4,000 Options
		Satish C. Gupta - 6,000 Options
		Sunil Rustagi - 6,000 Options
		N.K. Mukherjee - 5,000 Options
		A.K. Mishra - 3,500 Options
		Sanjay S. Badve - 5,000 Options
		Deepak Khandelwal - 4,000 Options

ii)	Any employee who receives in any one year of grant of options amounting to 5% or more of options granted during the year (2009-10)	NIL
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.	NIL
11.	Diluted EPS calculated in accordance with Accounting Standard 20 issued by ICAI for the year ended 31st March 2010	Rs. 22.16 per share (including Profit from extraordinary item) and Rs. 5.85 per share (excluding Profit from extraordinary item)
12.	i) Method of calculation of employee compensation Cost. ii) Difference between the employee compensation cost so compared at (i) above and the employee compensation cost that shall have been recognised if fair value of options had been used. iii) The impact of the difference on profits and EPS of the Company for the year ended 31st March 2010 had fair value of options had been used for accounting employee Options.	N.A. N.A. N.A.
13.	Weighted average exercise price and weighted average fair value of options granted during the year whose exercise price equals market price of stock on the grant date. (there are no options granted whose exercise price either exceeds or less than the market price of the stock on the date of grant).	N.A.
14.	A description of the method and significant assumptions used to estimate the fair values of options, including the following weighted average information: i. Risk Free Interest Rate ii. Expected Life iii. Expected Volatility iv. Expected Dividends v. The Price of the underlying share in market at the time of option granted	N.A.

Note: In view of the Sub division of the shares and in terms with the relevant provisions of the ESOS - 2006 the Options stand adjusted along with entitlement to apply for 5 equity share of Rs. 2 each instead of one Equity shares of Rs. 10 each.

Directors' Report (Contd.)

Particulars of Employees

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are required to be set out in the annexure to the Directors' Report. However as per the provisions of section 219 (1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Information as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to and forms part of this report.

Cost Accounting Records

Your Company is required to maintain cost accounting records in respect of manufacture of power transformers and generation of electricity from Wind Mill (Power) pursuant to the Cost Accounting Records (Engineering Industries) Amendment Rules, 2001. The Company has complied with the above requirement for the year ended 31st March 2010.

Auditors

The Company's Auditors, M/s. P. Raj & Co., Chartered Accountants hold office up to the conclusion of the forthcoming 45th 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 224(1-B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

Insurance

All the assets of the Company are adequately insured.

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance, support and co-operation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. Your Directors would also like to take this opportunity to express their appreciation to the dedicated and committed employees for the contribution in trying to achieve the Company's vision to ***"To Build a World Class Company through Reliability and be a Great Place to Work"***.

For and on behalf of the Board of
EMCO LIMITED

Place: Thane
Date :26th May 2010

Rajesh S. Jain
Chairman

Annexure to Directors' Report

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

(A) CONSERVATION OF ENERGY

I) Energy conservation measures taken:

Under ISO 14001: Environmental Management System, following major initiatives were taken in the areas of energy conservation.

1. Installation of APFC Panel at the new office building & the Cafeteria
2. Installation of Solar Heating System in the Cafeteria
3. Provision of PCB-based temperature controllers for centralized AC
4. Installation of energy-efficient metal halide lamps in factory periphery

In order to optimise use of power, Energy Management System is installed.

II) Impact of measures taken above for reduction of energy consumption and consequent impact on cost of production of goods:

As a result of energy conservation initiatives taken by the Company during 2009-10, there was energy saving to the tune of 10% per MVA as compared to the previous year.

III) Proposals under implementation for reduction of energy consumption:

1. Conversion of Thermic Fluid Heating (TFH) system from LDO to PNG
2. AC sharing controller in Server/UPS room
3. Installation of additional Auto-switched Harmonic Filter (ASHF) for large testing load
4. Installation of Timers for Street lights in factory periphery
5. Refurbishing of VPD plant heating system

(B) TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION

I) Technology Absorption & Adoption:

The Company is in the process of absorption of 400 kV transformer technology acquired through collaboration agreement with Chinese Company.

During the year, the Company implemented counter-shield winding technology for higher kV class transformers enhancing product reliability and improved productivity.

II) Research & Development (R & D):

i) Specific areas in which R & D is carried out by the Company:

- 630 kVA High Temperature Super-conductor (HTS) Transformer
- Eco-friendly Dielectric Fluid for transformer
- On-line Transformer Monitoring System
- Smart Transformers
- Automatic Power Factor Correction System (APFC)
- State-of-the-art Active Harmonic Filter
- Smart Energy Meter
- Energy Revenue & Management System
- Power Quality & Power Conditioning equipment
- Yoke shunt technology for stray loss optimization in transformer
- Counter-shield winding in higher voltage class transformer

ii) Patents filed:

In order to protect our intellectual property rights, following patents were filed during the year 2009-10:

- A natural convection cryogenic cooling system for a superconductor transformer
- A low oleic acid rapeseed oil based transformer fluid

iii) Benefits derived as a result of above R & D:

- Honoured with 'Best Innovative Product' at ELECRAMA-2010
- Publication of technical papers at international conferences

Annexure to Directors' Report (Contd.)

- Development of new /innovative products
- Enhancement of product reliability
- Increased productivity and profitability
- Improved competitiveness
- Reduced design cycle time for customised products
- Developing core competency in design and development of products

iv) Future plan of action:

- Prototype testing and field studies on HTS Transformer
- Field studies on eco-friendly dielectric fluid
- In-house development of electric power quality improvement products to cater to wider customer segment
- Development of Intelligent Electronic Energy Meters
- Development of customized software for improving transformer design cycle time

v) Expenditure on R&D:

During the year under review, total expenditure towards R&D activities was Rs. 183.93 Lakh out of which Rs.71.52 Lakh (net of contribution received from Central Power Research Institute-CPRI) was incurred for 630 kVA High Temperature Super-conductor (HTS) Transformer which is under development at the year end.

- Total R&D Expenditure :Rs. 183.93 Lakh
- R&D Expenditure as % of total turnover:0.10%

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

The Company has exported Transformers to International customers directly. The Transformers were also supplied to internationally aided projects which are considered as deemed exports. Overall growth prospect for exports continue to be encouraging.

- Total Foreign Exchange Earnings and Expenditure:

Details concerning Foreign Exchange Earnings and Expenditure have been given under Note no 24 and 22 of the Notes to the Accounts respectively.

For and on behalf of the Board of
EMCO LIMITED

Place: Thane
Date: 26th May 2010

Rajesh S. Jain
Chairman

Corporate Governance Report

1. CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is a system by which an organization is managed and controlled within the parameters laid down by regulatory bodies. The Company is committed to good Corporate Governance and to be an active and responsible corporate citizen wherever it does business. The Company fully understands that Corporate Governance is a key element in enhancing overall stakeholders' value. The Company continuously strives to achieve business excellence and reach higher standards in conducting its corporate and business affairs through transparency, accountability, empowerment and integrity, keeping in mind the interest of all stakeholders. The Company makes continuous efforts to adopt the best Corporate Governance practice which goes beyond the regulatory framework.

The Company has articulated and implemented its corporate values across all its business establishments and continuously monitors its effectiveness through various processes, apart from initiating the process of Corporate Governance in compliance with Clause 49 of the Listing Agreement with Stock Exchange(s) by implementing not only the mandatory items but also non mandatory items, details of which are enumerated in the paragraph here in below.

The Company has adopted the six core values to shape the Company's thinking and conduct. These Corporate values are briefly described below:

- **Customer Centric:**

Customer would be the reason for Company's existence.

- **Reliability:**

The Company shall make sure that the products and services it offers and the commitment it makes to stakeholders are most reliable.

- **Trust and Integrity:**

The Company shall endeavour continuously to build trust in its dealings with all its stakeholders and perceived as a Company with people of high integrity.

- **Openness and Transparency:**

The Company shall create a work culture where openness to dialogue, expressing one's point of view frankly is encouraged and shall be transparent in providing reliable and pertinent information.

- **Ownership:**

Every employee working on any business process works like an owner of that process i.e. having feeling for its success and failure, bearing responsibility for the process and doing best of his ability.

- **Result Orientation:**

The Company shall achieve its results with utmost grit and determination against all odds.

Corporate Governance Report (Contd.)

2. BOARD OF DIRECTORS

A) Composition:

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

The Board of the Company is a balanced Board, comprising of Executive and Non-Executive Directors. The Executive Directors, including Chairman and Vice-Chairman, constitute one-third of the total strength of the Board. The Non-executive Directors include independent professionals.

The following is the composition of the Board as on 31st March 2010:-

Category	Number of Directors	% of total numbers of Directors
Executive Directors	3	37.50
Non-executive, Independent Directors	5	62.50
Total	8	100.00

Further, the Chairman of the Company is an Executive Director and Promoter. Thus, the Company has complied with the requirement of having atleast half of the Board members comprising of Independent and non-executive Directors.

Director	Designation	Category	Particulars of other Directorship, Committee Memberships/Chairmanships		
			*Other Directorships	#Committee Memberships	#Committee Chairmanships
Executive Directors					
Mr. Rajesh S. Jain ¹	Chairman	Promoter	7	Nil	Nil
Mr. Shailesh S. Jain ¹	Vice Chairman	Promoter	7	1	Nil
Mr. Ajay Kumar Dhagat ²	Managing Director	Non-Promoter	1	1	Nil
Mr. R.S. Shah ³	Director -Technical	Non-Promoter	5	1	Nil
Non-Executive Directors					
Mr. K.N. Shenoy	Director	Independent	3	1	1
Mr. S. V. Deo	Director	Independent	1	1	Nil
Mr. T. N. V. Ayyar	Director	Independent	4	2	2
Mr. Bheru Choudhary	Director	Independent	0	1	1
Mr. Anil Kumar Sardana ⁴	Director	Independent	4	1	Nil

* Excludes Directorship held in Private Companies, Foreign Companies, Companies formed under Section 25 of the Companies Act, 1956 and Directorship held as an alternate Director.

Committee includes Audit Committee, Shareholders/Investor's Grievance Committee. It also includes Membership/Chairmanship of EMCOLimited.

1 Mr. Rajesh S. Jain and Mr. Shailesh S. Jain are related to each other as brothers.

Mr. Rajesh S. Jain and Mr. Shailesh S. Jain had ceased to hold the office of the Managing Director of the Company w.e.f. 19th April 2010 and would continue as Whole-time Directors designated as "Chairman" and "Vice-Chairman" respectively.

2 Mr. Ajay Kumar Dhagat appointed as Managing Director w.e.f. 19th April 2010.

3 Mr. R.S. Shah ceased to be Director of the Company w.e.f. 19th April 2010.

4 Mr. Anil Kumar Sardana appointed as Director w.e.f. 27th January 2010.

B) Meetings and Attendance:

The provisions of the Companies Act, 1956 require the Board to meet atleast four times in a year. The intervening period between two Board meetings was well within the maximum gap of four months prescribed under Clause 49 of the Listing Agreement.

During the financial year ended 31st March 2010, four meetings were held as follows:-

Sl. No.	Date	Board Strength	Number of Directors present
1.	27th May 2009	7	6
2.	24th July 2009	7	5
3.	27th October 2009	7	6
4.	27th January 2010	8	6

The attendance at the Board Meetings and at the Annual General Meeting (AGM) during the financial year are as follows:-

Sl. No.	Director	Numbers of board meeting attended	Attendance at last AGM
1.	Mr. Rajesh S. Jain	4	Yes
2.	Mr. Shailesh S.Jain	4	No
3.	Mr. Ajay Kumar Dhagat ¹	N.A.	N.A.
4.	Mr. R.S. Shah	4	No
5.	Mr. K.N. Shenoy	3	No
6.	Mr. S.V. Deo	3	No
7.	Mr. T.N.V. Ayyar	2	Yes
8.	Mr. Bheru Choudhary	2	No
9.	Mr. Anil Kumar Sardana ²	1	N.A.

1 Mr. Ajay Kumar Dhagat appointed as Managing Director on 19th April 2010.

2 Mr. Anil Kumar Sardana appointed as Director on 27th January 2010.

C) Non-executive Directors' Compensation and Disclosures:

The Non-executive Directors were paid sitting fees for attending the meetings of Board and for attending the meetings of the Board Committees, namely

- Audit,
- Shareholder/Investors Grievance,
- Remuneration, Nomination and Selection,
- ESOP and Preferential Issue and
- Finance and Administrative

All such fees/compensation paid/payable to Non-executive Directors (i.e. other than Managing and Whole-time Director) of the Company is fixed by the Board of Directors within the limit approved by the Shareholders. The Company has not been paying any other remuneration to Non-executive Directors (including Independent Directors), which requires previous approval from Shareholder. During the financial year the Company did not have any material pecuniary relationship or transactions with any of the Non-executive Directors.

Name	Sitting Fee (Rupees)
Mr. Bheru Choudhary	100,500
Mr. S. V. Deo	67,500
Mr. T. N. V. Ayyar	43,000
Mr. K.N. Shenoy	72,000
Mr. Anil Kumar Sardana	20,000
Total	303,000

Non-executive Directors are not holding any Equity Shares. However, each Non-executive Director are holding 5000 options where-under each option entitle them to apply for 5 equity shares of Rs. 2/- each of the Company.

Corporate Governance Report (Contd.)

D) Code of Conduct

The Company has laid down a Code of Conduct for Board Members and Senior Management Personnel of the Company, which has also been posted on the web site "www.emcoindia.com." The Company has received from all its Directors and Senior Management Personnel affirmation of compliance with the Code of Conduct for the year ended 31st March 2010.

Declaration by Chief Executive Officer (CEO)

I, Shailesh S. Jain, Vice – Chairman of EMCO Limited hereby declare that all the Board Members and Senior Managerial Personnel have affirmed for the year ended 31st March 2010 compliance with the Code of Conduct of the Company laid down for them pursuant to clause 49(I)(D) of the Listing Agreement with stock exchange(s).

Place: Thane
Date: 26th May 2010

Shailesh S. Jain
Vice-Chairman

3. COMMITTEES OF THE BOARD

Currently, there are five Committees of the Board- Audit Committee, Shareholders'/Investors' Grievance Committee, Remuneration, Nomination and Selection Committee, ESOP and Preferential Issue Committee and Finance and Administrative Committee. The terms of reference to the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the respective Committee Chairman. The minutes of the Board Committee meetings are placed for information and noting of the Board.

A) Audit Committee

i) Brief description of Terms of Reference:

The roles, powers and functions of Audit Committee specified by the Board are in conformity with the requirements of clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. Terms of reference of the Committee includes inter alia:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure correctness, sufficiency and credibility of the Company's Financial Statements;
2. Recommending to the Board, the appointment and removal of external and internal auditors and fixation of their remuneration;
3. Approving the payments to statutory auditors for other services rendered by them;
4. Reviewing with the management and external auditors, financial statements and results before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Draft Directors' Report and annexures thereto (including Corporate Governance Report and Management Discussion & Analysis Report)

- Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
5. Reviewing the adequacy of internal control systems with the management, discussion with internal auditors, significant findings and follow up on them;
 6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 9. Reviewing findings of internal investigations by the Internal Auditors into matters like suspected frauds / irregularities / failures of internal control systems of material nature and reporting to the Board thereon.
 10. Discussing pre audit discussion about nature and scope of statutory audit and post audit discussion on areas of concern;
 11. Discuss with Internal Auditors any significant finding and follow up thereon;
 12. To look into the reasons of default in specified areas, reviewing progress made in implementation of auditors' recommendations, making recommendations for improvement in the internal control systems;
 13. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
 14. Reviewing issues related to risk management and compliance;
 15. Reviewing financial statements, including Investments by subsidiary Companies;
 16. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

ii) Composition of the Committee, Name of the members and the Chairman and Attendance:

The Audit Committee comprises of four Non-Executive Directors, all of whom are Independent Directors. The Chairman of the Committee is a qualified Chartered Accountant with a sound knowledge of Finance, Accounting and Law. Besides, all other members are financially literate. Composition of the Audit Committee during the year 2009-10 and status of the attendance of the members was as follows:

Name of the Directors	Position	No. of Meetings held during the year	No. of Meetings attended
Mr. T. N. V. Ayyar	Chairman	4	2
Mr. Bheru Choudhary	Member	4	2
Mr. S. V. Deo	Member	4	3
Mr. K.N. Shenoy	Member	4	3

iii) Meetings of the Audit Committee:

The Audit Committee met four times during the financial year 2009-10 on 27th May 2009, 24th July 2009, 27th October 2009 and 27th January 2010. The maximum time gap between two meetings was not more than four months. Necessary quorum was present at all the meetings of the Committee held during the year under review.

The Chairman of the Audit Committee Mr. T.N. V. Ayyar, was present at the 44th Annual General Meeting, and replied to the shareholder's queries. The Company Secretary has acted as the Secretary of the Committee. The

Corporate Governance Report (Contd.)

representatives of Internal Auditor and Statutory Auditors have attended the meetings as invitee.

B) Remuneration, Nomination and Selection Committee

Remuneration, Nomination and Selection Committee is constituted pursuant to Section 314 and Schedule XIII to the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges, to fix compensation / remuneration for Managing / Whole-time Directors and relative of Directors.

i) Terms of Reference:

The Remuneration, Nomination and Selection Committee is empowered to determine the Company's policy on specific remuneration packages for Executive Directors and other compensation related matters and issues within the framework of the provisions and enactments governing the same. It also performs the role prescribed under Sec. 314 of the Companies Act, 1956.

ii) Composition, Name of the Member, Chairperson and Attendance at Meetings:

Remuneration, Nomination and Selection Committee comprises of four Directors. The Chairman of the Committee is a Non -executive, Independent Director. The details of names of members and Chairman of the Remuneration, Nomination and Selection Committee and status of their attendance at the meetings held during the financial year 2009-10 are as under:

Name of the Directors	Position	No. of Meetings held during the year	No. of Meetings attended
Mr. Bheru Choudhary	Chairman	2	1
Mr. Rajesh S. Jain	Member	2	2
Mr. T. N. V. Ayyar	Member	2	2
Mr. S. V. Deo	Member	2	1

The Committee met two times during the Financial year 2009-10 that is on 18th April 2009 for re-appointment of Mr. R.S. Shah, Director – Technical and on 27th May 2009 for payment of Commission to the Managing Directors and re-appointment of Ms. Meenakshi Jain to hold office or place of profit pursuant to Section 314 of the Companies Act, 1956.

iii) Remuneration Policy

The remuneration policy of the Company has been designed in order to match the trends of the Industry in which the Company operates. The Company has made adequate disclosures to members on the remuneration paid to Directors from time to time. The remuneration / commission payable to Directors are determined by the contributions made by respective Directors for the betterment of the Company.

iv) Details of Remuneration to Executive/ Whole-time Directors:

Name	Gross Salary (Rupees)	Perquisites**	Commission for the Year 2009-10 (Rupees)*	Stock Option	Commencement Date***	Cessation Date	Notice Period
Rajesh S. Jain ¹	54,00,000	28,49,152	2,18,75,000	Nil	20.10.2008	—	6 months
Shailesh S. Jain ¹	53,10,000	20,29,617	2,18,75,000	Nil	19.10.2008	—	6 months
R. S. Shah ²	15,42,995	5,95,444	Nil	Nil	19.04.2009	18.04.2010	6 months

*Subject to approval at Annual General Meeting

**Perquisites include Gratuity, Provident fund, Medical Reimbursement, Leave Travel Concession, etc.

***Commencement dates are the re-appointment of respective Whole Time Directors.

1 Mr. Rajesh S. Jain and Mr. Shailesh S. Jain had ceased to hold the office of the Managing Director of the Company w.e.f. 19th April 2010 and would continue as Whole-time Directors designated as "Chairman" and "Vice-Chairman" respectively.

2 Mr. R.S. Shah ceased to be Director of the Company w.e.f. 19th April 2010.

C) Shareholders' / Investors' Grievances Committee

i) Composition and Status of the Attendance:

The Company has a Shareholders'/Investors' Grievances Committee. The Committee is headed by Mr. Bheru Choudhary, an Independent, Non-Executive Director and comprises of the following members in the financial year 2009-10:

Name of the Directors	Position	No. of Meetings held during the year	No. of Meetings attended
Mr. Bheru Choudhary	Chairman	4	4
Mr. Shailesh S. Jain	Member (Executive Director)	4	4
Mr. R. S. Shah*	Member (Executive Director)	4	4

* Mr R.S. Shah ceased to be a Director of the Company and member of this Committee from 19th April 2010. Mr. Ajay Kumar Dhagat appointed as Managing Director and member of this Committee on 19th April 2010.

ii) Name and designation of Compliance Officer

Mr. Praveen Kumar, Company Secretary has been appointed as Compliance Officer and can be contacted on the following address:

Address	Telephone Number	Fax Number	Email-id.
Plot No. F-5, Road No. 28, Wagle Industrial Estate, Thane 400604. Maharashtra, India	91-22- 40404500	91-22- 25830571	corporate@emcoindia.com investorgrievance@emcoindia.com investorrelation@emcoindia.com

Note: Mr Praveen Kumar was appointed as Company Secretary and Compliance Officer w.e.f. 14th August, 2009 in the place of Mr. Nithish Bangera who had resigned on that date.

iii) Terms of Reference

This Committee looks into issue of duplicate share certificates, split, consolidation and subdivision of share certificates, re-materialisation of shares and investors grievances.

The Committee has formed a Sub-Committee titled "Share Transfer" Committee to look into the matter related to Transfers / Transmissions / Dematerialisation of shares. The Committee has delegated the authority for approving transfers/transmission of shares besides taking note of beneficiary position under the demat mode. Approvals are done on a fortnightly basis. The minutes of Share Transfer Committees are periodically placed before the Investors/Grievances Committee.

iv) Complaints/requests received from Shareholders during the period 1st April 2009 to 31st March 2010 and its status:

During the year, 11 Complaints were received from the shareholders and all of which were resolved to the satisfaction of shareholders. No Complaint was pending at the end of the year. Break-up of requests /complaints received during the year are as under:

Sr. No	Nature of Complaints	Opening Balance	Received	Resolved	Closing Balance
1.	Non-receipt of Certificate	0	0	0	0
2.	Non-receipt of Dividend	0	7	7	0
3.	Non-receipt of Demat credit	0	1	1	0
4.	Non-receipt of rejected Demat Request Form	0	0	0	0
5.	Non-receipt of Annual Report	0	2	2	0
6.	Others	0	1	1	0
TOTAL		0	11	11	0

Corporate Governance Report (Contd.)

D) Other Functional Committees

Besides the above-referred Committees, the Company has also the following committees of Directors:

1. ESOP and Preferential Issue Committee (Compensation Committee) of Directors which is administering and implementing the Employee Stock Option Scheme and allotment of shares on preferential basis.
2. Finance and Administrative Committee.

4. SUBSIDIARY COMPANIES

1. The Company has two Indian subsidiaries viz. EMCO Power Limited and EMCO Power Infrastructure Limited and one Foreign Subsidiary viz. EMCO Overseas Pte. Limited (Singapore).
2. The Company also has two steps down Indian subsidiaries through its wholly owned subsidiary EMCO Power Limited viz. East West Power Generation Company Limited and EMCO Infrastructure Limited (Formerly Warora Power Company Limited) which are not "material non-listed Indian Subsidiary and one Foreign step down subsidiary through EMCO Overseas Pte Limited (Singapore) viz. EMCO Edison Transformers Pty Ltd (South Africa).
3. The Audit Committee of the Company reviews, periodically the financial statements made by its subsidiary companies.
4. The Minutes of the Board of Directors of subsidiary companies are being placed at the Board meeting of the Company. All significant transactions and arrangements entered into by the subsidiary companies have been brought to the attention of the Board of Directors of the Company.

5. DISCLOSURES

a) Disclosure on Related Party Transactions:

Related Party transactions during the year have been disclosed vide Note No.10 in Notes forming Part of Accounts as per the requirements of "Accounting Standard 18 – Related Party Disclosure" issued by the Institute of Chartered Accountants of India. The same were placed before the Audit Committee from time to time as required. None of these transactions have any potential conflict with the interests of the Company. No related party transaction was outside the normal course of business of the Company and all related party transactions were entered on arms length basis.

b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authorities or any matter related to capital markets during the last three years:

The Company has complied with the statutory provisions, rules and regulations relating to the capital markets and no penalties have been levied or strictures have been imposed by the Stock Exchange, SEBI or any statutory authority on matters relating to capital markets during the last three years.

c) Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee:

The provisions relating to Whistle Blower Policy being non-mandatory in nature, have not been adopted

by the Company. However, no personnel of the Company have been denied access to the Audit Committee on any issue.

d) Details of compliance with the mandatory requirements and adoption of the non-mandatory requirements of this clause:

The Company has complied with all the mandatory requirements as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. The Chairman of the Audit Committee Mr. T.N.V. Ayyar, was present at the 44th Annual General Meeting, and replied to the shareholder's queries. Further the Company has adopted non-mandatory requirement of Clause 49 of the listing agreement relating to constitution of the Remuneration Committee of Directors, details of which have already been given in earlier para of this report.

e) Board Disclosures- Risk Management:

The General aim of the Company's risk management policy is to maximize opportunities and minimize losses, which is closely aligned to improving safety not only to physical risk perspective of the employees but also including finance, assets and property of the Company. In line with this general aim of risk management, the Company has evolved a comprehensive risk management policy to identify, assess and mitigate all foreseeable areas of risks. As a policy, risks associated with the business of the Company generally and risk specific to the Company are periodically brought to the attention of the Board. The same are reviewed and assessed and suitable minimization procedures are laid down by the Board and implemented.

f) Proceeds from public issues, right issues, preferential issues etc:

During the year, the Company had issued 63,00,000 warrants at a price of Rs. 62/- each to the promoter on preferential basis. Each warrant carries option/entitlement to subscribe to one equity share of Rs. 2/- each at a premium of Rs.60/- per share within 18 months from the date of allotment i.e. 4th July 2009. Out of these warrants, 30,90,000 warrants have been exercised and accordingly 30,90,000 equity shares of Rs.2/- each at a premium of Rs.60/- were issued and allotted to the promoter of the Company on 26th March 2010 at the meeting of the ESOP and Preference Issue Committee of the Board. The proceeds have been used to meet general corporate purpose and long-term working capital requirement as was indicated in the explanatory statement to the notice calling the meeting of the members seeking their approval to the said Preferential Issue.

6. GENERAL BODY MEETINGS

The Annual General Meetings (AGMs) of the Company have been held at the registered office of the Company at N-104, MIDC Area, Jalgaon - 425 003 in the last three years at the time and date given below:

AGM	Year	Day & Date	Time	Special Resolution passed
42nd	2006-07	Saturday, 18th August 2007	11.00 a.m.	No Special Resolution was passed at this meeting.
43rd	2007-08	Friday, 22nd August 2008	11.00 a.m.	No Special Resolution was passed at this meeting.
44th	2008-09	Tuesday, 25th August 2009	11.30 a.m.	No Special Resolution was passed at this meeting.

No resolution was passed through postal ballot last year.

At the ensuing Annual General Meeting, there are no Special Resolutions for which Clause 49 of the Listing Agreement or Section 192A of the Companies Act, 1956 has recommended / mandated postal ballot.

Corporate Governance Report (Contd.)

7. MEANS OF COMMUNICATION

1. The quarterly, half-yearly and annual financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors. The results were published in the newspaper 'Business Standard' and 'Lokmat'- Jalgaon Edition and are also posted on Company's website www.emcoindia.com. They are also uploaded on SEBI EDIFAR website "www.sebiedifar.nic.in". The Annual report is also posted to all shareholders.
2. The official news releases whenever made by the Company are immediately forwarded to stock exchanges before publication. They are also posted on the website of the Company.
3. The Company holds press/analyst meets and makes necessary presentation to apprise and make public the information relating to the Company's working and future outlook and are also put on the Company's website.
4. In compliance of Clause 47 (f) of the listing agreement the Company has created e- mail id investorgrievance@emcoindia.com/investorrelation@emcoindia.com exclusively to redress investors'/shareholders' grievances and maintain relationship with them.

8. GENERAL SHAREHOLDERS' INFORMATION

a) Appointment/Re-Appointment of Directors:

At the Board meeting held on 19th April 2010, the Board of Directors had appointed Mr Ajay Kumar Dhagat as an Additional Director of the Company with effect from 19th April 2010. At the same meeting, Mr. Ajay Kumar Dhagat was appointed as Managing Director of the Company with effect from 19th April 2010 for three years that is upto 18th April 2013, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Mr. Anil Kumar Sardana was appointed as an Additional Director on 27th January 2010 and is to hold the office till the date of ensuing Annual General Meeting. Considering his professional background and expertise, the Board is of the opinion that the appointment of Mr. Anil Kumar Sardana, as Director, will be beneficial to the Company.

At the ensuing Annual General Meeting, Mr. S. V. Deo and Mr. Bheru Choudhary retire by rotation and being eligible offer themselves for re-appointment.

The brief profiles of all the above Directors are given with the Notice of the Annual General Meeting in this Annual Report.

b) Particulars of ensuing Annual General Meeting:

Venue	No - 104, MIDC Area, Jalgaon- 425 003
Time	11.30 A.M
Day	Wednesday
Date	25th August 2010
Financial Year ended	31st March 2010
Book Closure Dates	16th August 2010 to 25th August 2010 (Both days inclusive).
Dividend Payment Date	On or after 25th August 2010

c) Financial calendar (tentative):

Annual General Meeting	25th August 2010
1st Quarter Results for quarter ending 30th June 2010	Before 15th August 2010
2nd Quarter Results for quarter ending 30th September 2010	Before 15th November 2010
3rd Quarter Results for quarter ending 31st December 2010	Before 15th February 2011
4th Quarter Results for quarter ending 31st March 2011	By 15th May 2011 (if unaudited) or by end of May 2011 (if audited)

d) Stock Exchanges where shares are listed:

Name and address of the stock exchange	Stock Code/Symbol
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai- 400 001	504008
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051	EMCO

ISIN No.: INE078A01026 (Equity Shares)

The Company has issued Non Convertible Debentures on Private Placement basis which are listed on Bombay Stock Exchange Ltd.

Code No 946054

ISIN No.: INE078A07015 (Debentures)

e) Status of Listing Fees:

The Company has paid Listing fees to Bombay Stock Exchange Limited and National Stock Exchange of India Limited within the prescribed time limit. It has also paid within prescribed time limit, the Custodian Fees payable to NSDL and CDSL.

f) Stock Market data:

- i. Monthly high and low quotations of the Company's shares on BSE during the financial year 2009-2010 are as follows:

Month	BSE Monthly Price (Rupees)	
	High	Low
April, 2009	58.15	31.20
May, 2009	99.80	50.80
June, 2009	99.00	67.60
July, 2009	92.00	68.00
August, 2009	106.40	77.00
September, 2009	102.05	88.05
October, 2009	104.40	83.15
November, 2009	89.50	76.70
December, 2009	93.40	83.60
January, 2010	109.45	87.25
February, 2010	99.90	75.00
March, 2010	91.70	78.10

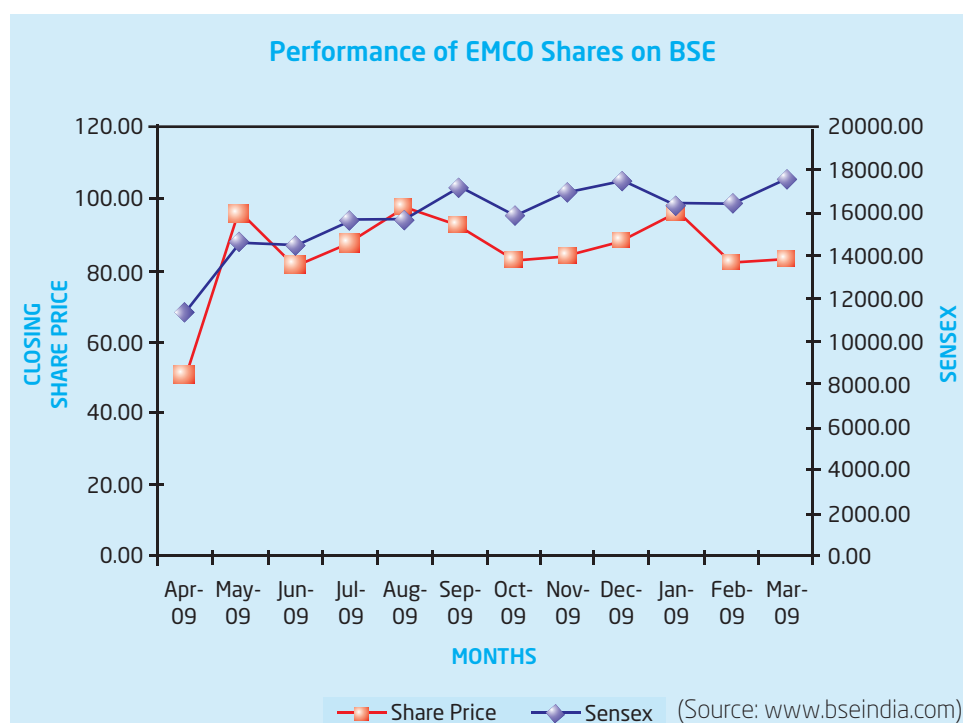
(Source: www.bseindia.com)

Corporate Governance Report (Contd.)

ii. Monthly high and low quotations of the Company's shares on NSE during the financial year 2009-2010 are as follows.

Month	NSE Monthly Price (Rupees)	
	High	Low
April, 2009	58.45	30.75
May, 2009	99.99	50.30
June, 2009	99.00	67.50
July, 2009	91.85	67.00
August, 2009	106.45	76.55
September, 2009	102.10	88.10
October, 2009	104.50	83.05
November, 2009	89.90	76.70
December, 2009	93.45	84.00
January, 2010	109.35	88.60
February, 2010	102.00	78.00
March, 2010	91.45	81.00

(Source: www.nseindia.com)



g) Registrar and Transfer Agents:

M/s. Link Intime India Pvt. Ltd.
 (formerly Intime Spectrum Registry Limited)
 C-13, Pannalal Silk Mills Compound,
 L. B. S. Marg, Bhandup (West), Mumbai - 400 078
 Tel: +91 22 25946970
 Fax: +91 22 2594 6969
 E-mail: rnt.helpdesk@linkintime.co.in

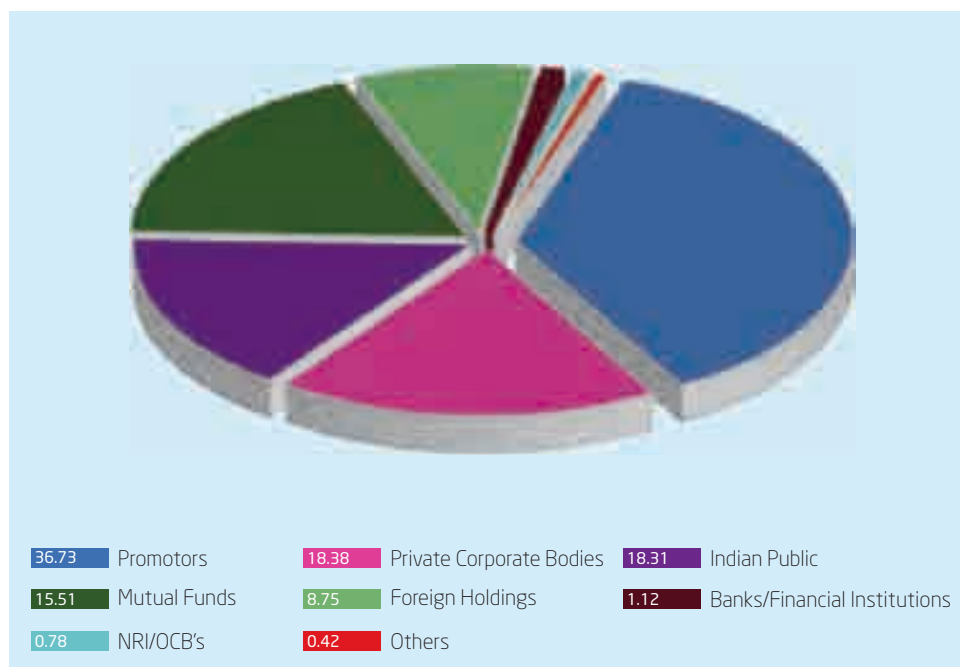
h) Share Transfer System:

The Company's shares being in compulsory demat mode are transferable through the depository system. Shares in physical form lodged for transfer with the Company and Company's Registrar & Share Transfer Agent are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects and put up for approval before the Share Transfer Committee/ Shareholders/ Investors Grievance Committee.

i) Distribution of Shareholding as on 31st March 2010:

Range	Number of Holders	% to Total Holders	Shareholding (Shares)	% to Total Capital
1 - 5,000	17,683	96.01	4,963,701	8.01
5,001 - 10,000	368	1.98	1,410,355	2.28
10,001 - 20,000	177	0.95	1,355,159	2.19
20,001 - 30,000	51	0.27	655,792	1.06
30,001 - 40,000	27	0.15	488,361	0.79
40,001 - 50,000	16	0.09	371,314	0.60
50,001 - 1,00,000	40	0.21	1,481,283	2.39
1,00,001 and above	62	0.34	51,200,895	82.68
TOTAL	18,604	100.00	61,926,860	100.00

Shareholding pattern as at 31st March 2010:



Categories of Shareholding as on 31st March 2010:

Sl. No.	Category	No. of Shares Held	% of Shareholding
A	Promoter's holding		
1	Promoters		
	- Indian Promoters	22,747,450	36.73
	- Foreign Promoters	-	-
2	Person acting in concert	-	-
	Sub-Total	22,747,450	36.73

Corporate Governance Report (Contd.)

Sl. No.	Category	No. of Shares Held	% of Shareholding
B	Non-Promoters Holding		
	Institutional Investors		
a.	Mutual Funds and UTI	9,606,939	15.51
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-government institutions)	690,020	1.12
c.	FII's / Foreign Mutual Fund	5,419,585	8.75
	Sub-Total	15,716,544	25.38
C	Others		
a.	Private Corporate Bodies	11,380,356	18.38
b.	Indian Public and HUF	11,340,663	18.31
c.	NRIs / OCBs	488,052	0.79
d.	Any other (please specify)		
	Clearing Member	185,523	0.30
	Directors and their relatives	68,322	0.11
	Trust	400	0.001
	Sub-Total	23,463,316	37.89
	GRAND TOTAL	61,926,860	100.00

Indian Promoters includes 411,952 Equity Shares, which are lent in line with SEBI Stock Lending Scheme.

j) Dematerialisation of shares:

The shares of the Company are in compulsory dematerialised segment and are available for trading system of both the depositories. All requests for Dematerialisation of shares are processed and confirmed to depositories, NSDL and CDSL, within 15 days from the date of lodgement with the Company's Registrar & Share Transfer Agent.

94.57% of the Company's shares have been dematerialised upto 31st March 2010. 86.42% of the holding of the Promoters and Promoters Group are in Dematerialised Form.

k) Outstanding GDR / ADR / Warrants, Convertible Bonds and any other Convertible Instruments, conversion dates and its likely impact on the equity:

No GDR/ ADR is outstanding as at 31st March 2010.

The Board has also considered and recommend to the members issue of 63,00,000 Warrants to the promoter at a price of Rs. 62/- (Rupees Sixty Two only) each warrant entitles to 1 (one) Equity Share of Rs. 2/- each. The Company has issued and allotted 30,90,000 equity shares on 26th March 2010 upon the conversion of equal number of warrants out of the 63,00,000 warrants and balance 32,10,000 warrants are outstanding for the conversion.

l) Plant Locations are as under:

Thane	Plot No. F - 5, Road No. 28, Wagle Industrial Estate, Thane - 400 604, Maharashtra
Jalgaon	Unit I - N-104, MIDC Area, Jalgaon - 425 003, Maharashtra Unit II - Gate No. 114, Umala, Taluka & District Jalgaon, Maharashtra
Dadra	Survey no.57/2, Sanjay Industrial Estate, Building No. B-3, Gala no.1 to 8, Wagdhara Road, Dadra 396 230 (Union Territory)
Vadodara	Plot No.519-521, Asoj Village, Halol Highway, Dist: Vadodara, Gujarat - 391 510

m) Address for Investor Correspondence:

Sr. No.	For Shares held in Physical Form	For Shares held in Demat Form
1.	Registrar & Transfer Agents : M/s. Link Intime India Pvt Ltd, (formerly Intime Spectrum Registry Limited) C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup West, Mumbai – 400 078 Tel: +91 22 25946970 Fax: +91 22 25946969 E-mail: rnt.helpdesk@linkintime.co.in	To respective Depository Participant
2.	Corporate Office: EMCO Limited, Plot No. F – 5, Road No. 28, Wagle Industrial Estate, Thane – 400 604 Tel: +91 22 40404500 Fax: +91 22 2582 0571 Email: corporate@emcoindia.com	

n) CEO/CFO certification:

As required by Clause 49 of the Listing Agreement, the CEO/CFO certification is being given below.

To,

The Board of Directors
EMCO Limited

We, Shailesh S. Jain, Vice Chairman and Sunil Rustagi, Chief Financial Officer of EMCO Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account (standalone and consolidated) and all schedules and notes on accounts, as well as the cash flow statements for the year ended 31st March 2010;
2. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of and for the period presented in this report and are in compliance with the existing accounting standards and/or applicable laws and regulations;
4. To the best of our knowledge and information, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;
5. We accept responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of such internal control, if any, of which we are aware and the steps we have taken or proposed to take to rectify the deficiencies.
6. We have indicated to the Auditors and Audit Committee;
 - a) significant changes in internal controls during the year covered by this report.
 - b) all significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statements.

Corporate Governance Report (Contd.)

- c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.
- 7. We affirm that we have not denied any personnel, access to the audit committee of the Company including matters involving alleged misconduct and we have provided protection to them from unfair termination and other unfair or prejudicial employment practices.

Place: Thane
Date : 26th May 2010

Shailesh S. Jain
Vice Chairman

Sunil Rustagi
Chief Financial Officer

For and on behalf of the Board of
EMCO LIMITED

Place: Thane
Date: 26th May 2010

Rajesh S. Jain
Chairman

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of EMCO Limited

We have examined the compliance of conditions of Corporate Governance procedure implemented by EMCO Limited for the year ended on 31st March 2010 as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate of compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations provided to us and the representations made by the Directors and the management, we certify that the Company has by 31st March 2010 complied with:

- (a) All the mandatory requirements of the said Clause 49 of the Listing Agreements.
- (b) The following non-mandatory requirement of the said Clause 49 – Constitution of Remuneration, Nomination and Selection Committee.

For P. RAJ & CO.

Chartered Accountants

P. S. Shah

Proprietor

Membership No. 44611

Firm Registration No. 108310W

Mumbai, 26th May 2010

Management Discussion & Analysis

Indian Economic Overview

The Economic Survey Report of the Government of India for the year 2010-11 had predicted that India would bounce back to 8.5% growth in the fiscal year 2010-11 and a high 9% in 2011-12 on the way to becoming world's fastest growing economy in four years. The Survey said: "It is entirely possible for India to move into the rarefied domain of double digit growth and even attempt to don the mantle of the fastest growing economy in the world within the next four years". It, however, expressed concern over rising prices, saying that a major concern during 2009-10 was the emergence of high double digit food inflation.

Power Transmission and Distribution scenario in India

Power is an essential requirement for all facets of our life and has been recognised as a basic human need. It is one of those critical infrastructures on which the socio-economic development of a country depends. The growth of the economy and its global competitiveness hinge on the availability of reliable and quality power at competitive rates. This calls for India's incremental power demand will be second only to China. Since the price of resources that generate power is expected to keep increasing as resources become scarce, creation of a stable power infrastructure has become a key thrust area, particularly for emerging economies. New investments

are attracted to regions that can guarantee a stable and high-quality supply of electricity. Indian companies are working to ensure that high quality power is generated and transmitted across the length and Power sector is likely to require US\$ 600 billion investment by 2017.

India is the world's sixth largest energy consumer accounting for significant portion of the world's total annual energy consumption. However, India has an electrification rate of only 44% (*source: World Coal Institute*). As a result, there is a significant section of the country, which is still not connected to the grid or suffers from frequent load-shedding. Global consultants McKinsey and Company have in their recent report "Powering India: The Road to 2017" projected that if India grows at an average rate of 8% up to 2017, the country's demand for power will soar upto over 300 GW from the current approximate 200 GW in 2009.

The report also notes that there will be four factors that will drive this growth:-

- India's manufacturing sector;
- Growth in residential consumption;
- the connection of over 125,000 villages to the grid;
- Realisation of demand suppressed due to load shedding.

This demand for additional power is expected to be an opportunity worth US\$ 600 billion. Transmission is a key component of this growth with investments anticipated to be to the tune of US\$ 110 billion. There are a number of initiatives that are already underway – among the most ambitious is the government's effort to have 'Power for All' by 2012. The Ministry of Power is the main authority for the overall development of electrical energy in the country. This is a successor of the earlier reforms programme which the government launched under the 'Electricity Act, 2003'. The Act was aimed towards:

- Consolidating the laws related to power generation, transmission, distribution, trading and use of electricity;
- Promoting competition in the power sector; and
- Supplying electricity to all areas.

A part of the agenda was to rationalise electricity tariffs, promote efficient and environmentally benign policies, provide stringent penalties in case of theft of electricity, which is a growing menace in India. The Indian Government has earmarked funds of about US\$ 200 billion for this sector over the Eleventh Five Year Plan for achieving its objectives. The identified thrust areas in the power industry include electricity generation, T&D networks and rural electrification. Many proactive steps have been under taken like SEB Unbundling, Distribution Franchise Model, Accelerated Power Development

Reform Programme, Ultra Mega Power Projects, Open Access and Power Trading, among others, to give the much needed momentum to this industry.

The possibilities in the Power sector are immense and have opened up business avenues for all entrepreneurs. However, Transmission still remains an area where the government prefers to own the networks themselves. This has resulted into a broadening gap between the quantum of generated power and the amount of power that can be evacuated by the current transmission networks. Recognising this disparity, the government has announced that it may allow private participation in the Transmission Sector by any of three mechanisms. Either in a JV with PowerGrid to build transmission lines, setting up of Independent Power Transmission Companies to bid for national projects, or constructing and operating dedicated transmission lines for generation companies from power plants to load centres.

Future Prospect of the Power Sector in India

The prospects for the power industry appear to be good. There is currently a demand-supply gap in the power sector and the next five to six years would see new capacities being built to meet the economy's growing needs. According to Integrated Energy Policy, the country needs to add 8 lakh MW by 2032 to sustain the GDP growth rate at 9% plus. (source: *Crisil Research Report*)



Management Discussion & Analysis (Contd.)

Several states including Maharashtra, Gujarat, Madhya Pradesh, Tamil Nadu, Andhra Pradesh, have been advertising and inviting expressions of interest from potential power plant developers. Your Company thus sees huge potential in this.

As the second largest growing economy, India is still far below global standards in electricity capacity. China, for instance, adds 100,000 MW of capacity every year to fuel its economy. It is expected that the contribution from the emerging economies would continue to be the key driver for the growth of this industry. The Government renewed thrust for the growth in infrastructure in India is expected to lead to growth in the power segments. All in all, the power industry are all set to be the backbone of the emerging economies.

The Prospect of the Transmission and Distribution (T&D) sector has been particularly promising. India's largest T&D player-Power Grid Corporation of India Ltd (PGCIL) has plans to spend Rs.1,00,000 crore over the next seven years doubling its network to 1,57,000 km as compared to 77,000 km currently. Hence, your Company can expect new orders from PGCIL. India has an ambitious plan to build 62,000 MW of new power generation capacity by 2012 and another 1,00,000 MW by 2017, which would require investments of atleast Rs.8,00,000 crore.

Although there are excellent opportunities in the T&D sector but at the same time challenges cannot be overlooked. The sector is experiencing challenges on various fronts such as capacity addition, competition, execution, talent pool, availability of manpower etc which is resulting in margin pressure, delays, cost overrun and penalty. A huge capacity addition has been seen in manufacturing specially in power transformers. The Industry is also facing shortage of skilled manpower in transmission stringing. All these challenges are impacting Industry's performance and this phenomenon is likely to continue till some corrective steps are taken.

Your Company's primary focus within the power sector is in the Transmission & Distribution segment. Our strategy is to be an end-to-end solution provider in the T&D segment. With this objective, your Company has diversified from being a product Company to being a solution provider and thus offering complete concept-to-commissioning solution to customers in the T & D

Segment. Your Company is also "Green" conscious. Growth will not be at the cost of the environment. Your Company believes that Eco friendly companies will have a better market than others, as corporates all over the world, but specially in the power sectors are becoming focused on the impact of their businesses on the environment.

Your Company is structured along the following Divisions:-

Transformer Division

The Transformer Division is the prime division of the Company. Your Company is one of the largest manufacturer of transformers in India and a leading player in 220kV and 400kV transformer segment. Transformers up to 400 kV are manufactured at Thane; at Jalgaon where the Company has two separate plants at different locations, 132 kV power transformers and distribution transformers are manufactured. The total installed capacity of all these three Plants is 20,000 MVA per annum. The Division manufactures a wide range of transformers used in the power industry around the globe. It manufactures large Generation Transformers (GTs) and Interconnected Transformers (ICTs) of 400 kV Class and also Distribution Transformers and is leader in Furnace

EMCO is the first transformer manufacturer in the world to have successfully tested a 315MVA 230kV Generator Transformer for Dynamic Short Circuit Test



Transformers and Rectifier Transformers. During the year, the division has received number of orders for 400 kV class transformers from prestigious customers like DTL, MPPTCL, MSETCL etc.

Project Division

1. Substation SBU

Your Company undertakes turnkey EPC Projects in T&D Sector up to 765kV from designing to commissioning, in Sub-stations including GIS, Industrial Switchyards and



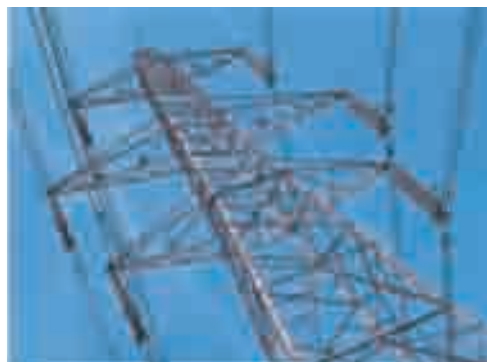
Power Distribution Systems Your Company also undertakes upgradation and revamping of existing distribution systems and power evacuation system for power projects. Your Company is executing number of 400/220/132 kV Switchyards for various utilities across India. Your Company also has strategic tie-ups with international suppliers for Gas insulated sub-stations (GIS) and underground cables (UG Cables).

This SBU focuses on turnkey sub-station projects up to 400kV. This SBU has successfully executed various substation projects in various parts of the country.

2. Transmission Line SBU

Your Company has completed modernization, up gradation and expansion of production capacity of it's Tower Plant at Vadodara to 45000 MT p.a. Last year, we made a big break-through by bagging orders of Rs.550 Crore for construction of 5 Transmission Lines Projects of 765 kV from PGCIL. The Company has already started execution of these projects and these lines are to be constructed in around 2 years. Your Company has also commissioned the prestigious 220kV Double Circuit Single Strung (DCSS) Transmission Line Project atBikaner

EMCO projects division is executing 5 prestigious orders worth Rs. 550 crores from Power Grid (PGCIL) for 637kms of 765kV transmission lines



for V.S. Lignite Power Pvt. Ltd., Hyderabad. The Company has completed the turnkey project involving construction of a 16.5 km., 110 kV Double Circuit Transmission Line for Lavasa Power Corporation Ltd. Your Company has successfully executed transmission lines of more than 10,000 CKMs. This SBU of your Company has a huge growth potential in India and International markets.

3. Balance of Plant

With a strong background as an EPC contractor in the power sector, your Company has created separate SBU for providing turnkey services in the Balance of Plant (BOP) area of power generation. Your Company has entered into strategic



working arrangements with few well-known companies in the civil and mechanical domain which, coupled with the in-house expertise in electrical project management and execution of EPC projects, provides a one-stop solution for the entire BOP island of thermal power stations.

Management Discussion & Analysis (Contd.)

Meter Division

Your Company is developing "SMART" metering technology. Its static energy meters and metering solutions incorporate the latest technology to enable power distribution companies operate with greater efficiency. Your Company's "SMART" Meters use various communication technologies like LPR, PLC, GSM and GPRS.

EMCO is the only manufacturer in India to be approved with SEC (Saudi Electric Company) for supply of transformers in Saudi Arabia



As part of addressing ever growing and ever changing requirements of energy metering, your Company has set-up an extensive Research and Development centre. This R&D Centre maintains your Company's place in the electricity metering market by focusing on deployment of latest technologies and customized offering to various customers. It has a team of dedicated technologists in the area of electronic hardware, real-time embedded system, communication systems, application software and reliability engineers. Your Company has developed unique solutions in the area of tamper detection, load management, revenue protection, energy accounting and communication in this R&D Center for various customers.

International Division

International division offers single point access to all global customers for its products and solutions, resulting in success of your Company in international market.

Consistently meeting international quality standards, your Company exports its products and solutions to more than 40 countries including USA, Europe, Middle-East, Africa, South-East Asia and the Indian subcontinent. It has an impressive international clientele that ranges from power utilities, oil & gas sector, mining, EPC contractors and industries.

With its associates and partners spread across the globe, your Company has garnered the expertise of supplying transformers that meet various international standards like IEC, ANSI, DIN, SANS.

The Division has supplied a 150MVA, 330/132/33kV, 3-Phase, 50Hz Auto

Transformer to PHCN, Nigeria. This is by far the highest voltage class transformer exported by your Company outside India.

Coalmine-Indonesia

Your Company has invested (37.35% stake) in a Coal mine in Indonesia having an estimated thermal coal reserves of 105 million metric tons through its wholly-owned Singapore based subsidiary. The mine is under development and infrastructure is being developed. The Company expects to generate reasonable revenue and start dispatching coal during the financial year 2010-11.

Accolades for EMCO

- Received Appreciation Certificate from Hon'ble Union Minister for State for Power for the Product- 'Eco-



friendly Dielectric Fluid for Transformer' for the Best Product Contest at ELECRAMA-2010.

- Only Indian Company selected to present a technical paper at CIGRE in Paris, France.



- Received Best Export Performance Award from Thane Manufacturers Association.



- First transformer manufacturer in the world to have successfully tested a 315MVA, 230 kV Generator Transformer for Dynamic Short Circuit Test at the world-renowned KEMA High Power Test Lab, Netherlands.



- Awarded ISO:27001 Certificate for Information Security Management System (ISMS) by Bureau Veritas Certification (BVC)
- Under the auspices of the Ministry of Power, Govt. of India, EMCO Limited has been empanelled as IT Implementation Agency in the Role of 'Meter Data Acquisition Solution Provider (MDASP)' by the Power Finance Corporation.
- Transmission Line SBU at Vadodra obtains ISO:9001 - 2000 Certification.

Human Resource

Your Company is on a path towards its vision of building a World-class Company. The highlights of the HR performance during the FY 2009-10 are as follows:-



- CII Commendation Certificate for strong commitment to HR.
- Improvement in recruitment by rate and reduction in attrition rate of the staff across the organization
- Higher retention at shop floor through implementation of project "Drona" towards skill and functional competency improvement
- Enhanced employee productivity across various business
- Deployment of wealth sharing initiatives
- Revision of the behavioral competency framework
- Software implementation- HR Helpdesk, OD Online, Attendance viewing
- Effective implementation of suggestions
- Implementation of employee welfare initiatives on the basis of feedback received from Employee Engagement Survey
- Institutionalisation of the Eklavya Program: distance mentoring and familiarising Eklavya with identified specific business process through pre-joining study project.

Management Discussion & Analysis (Contd.)

- Institutionalization of stringent selection and training process for contract EMCOites similar to regular EMCOites.

At all levels, your Company continues to focus as part of the vision to make EMCO a **"Great Place to Work"**, so that your Company become the preferred choice for potential employees.

Initiatives towards Corporate Social Responsibility:

EMCO Foundation, the extended arm of EMCO Ltd, in line with its vision focused on Education, Environment and Healthcare.

Education projects, named "Akshar" were carried out through three initiatives:

Through, "Yashasvi" a combination of Academic Merit Awards & Educational Scholarship, we felicitated top 10 SSC students and additional ten girl children passing from Thane and Jalgaon Municipal schools and a trust run school in Jalgaon with cash awards.

"Parivartan", a Personality Development Program designed, with an objective to give input in self-development to students from under privileged section of society, was implemented in association with "Dr. P N Singh Foundation". Students underwent training in 14 different topics spread across 40 sessions. The training intends to transform their personality, to instill confidence and to help them communicate effectively. They were taught to learn to dream and work towards realising their dreams and be a useful and good citizen. This year we covered 1400 children of Thane & Jalgaon Municipal schools and a trust run school in Jalgaon.

Lastly, as "Community Education" in association with "Pratham" called "Shiksha" your Company provided special coaching to slum children from 6 to 14 yrs to improve their reading, speaking and writing skills in English, utilizing community residents as teachers by imparting teaching skills to them. About 1100 children were covered in around 50 communities in Thane district comprising Thane city and other nearby pockets. Similar programme

on learning and reading through basics for Marathi language and Arithmetic were conducted in 20 slum areas in Jalgaon city covering around 400 children.

Through the various initiatives under Akshar your Company has so far covered around 5100 under privileged children.

Through Environment programme "Ankur" your Company distributed 1000 seed packets (Karanj) to visitors, customers, vendors and other associates to create awareness and thus involve more people in the green movement.



Through our Healthcare project named "Jeevan", Blood Donation Drives were carried out in Thane and Jalgaon and 233 units of blood were collected. We have so far collected 543 packets of blood.

Besides, your Company has also given donations towards education of 30 Tribal villages covering about 600 children and also to organisations taking care of specific health problems.

For the coming year, we are expanding our activities in all the above initiatives reaching more people and will be taking up a new initiative called "Amrut" a watershed project along with holistic development of village Bilwadi in Jalgaon district.

Your Company believes in involvement of EMCOites and their families in all the activities of the Foundation so that our initiatives are involved and sustainable. Your Company sees the spirit of transforming lives, getting reflected in the commitment of our volunteers, who are convinced about their duty of giving back to the society, in return for what they are today and **"Inspired by Tomorrow"**.



Technology Focus

To stay ahead of time and match the pace of change, your Company makes every endeavour towards inculcating a culture that encourages innovations and work on fresh technology perspectives. The International Advisory Board on Technology (IABT) formed in 2008 provides guidance on the on-going IABT projects and the futuristic technology projects. Technological innovations may impact quality of life and environment. Considering the potentially adverse impact of the growing industrialization on climate change the world over, the focus is gradually shifting towards transforming and developing technologies that are environmental-friendly with a view to strike an ecological balance. Your Company has a well-equipped Corporate R&D Centre staffed by a team of specialists and professionals working passionately on innovative development projects synergic to your Company's business interests.

As a result of our dedicated and perseverant in-house R&D efforts, we have developed some innovative products and technologies that are covered under 'Annexure to Directors' Report'. Some of the highlights include: filing of 2 patents for developing new technologies; bestowed with 'Best Innovative Product Award' at Elecrama-2010 for developing eco-friendly dielectric fluid for transformer; published 3 technical papers at various international conferences, including a paper at CIGRE-2010 Session, Paris. Your Company had successfully implemented newly developed transformer yoke shunt technology resulting in stray loss reduction, enhancing the product efficiency and making it more competitive.

Internal Control

The Company has in place effective systems for internal control ensuring accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with laws and regulations. The Company has an exhaustive budgetary control system and the management regularly reviews the actual performance. The Company has also put in place a well-defined organizational structure, clear authority levels and detailed internal guidelines for conducting business transactions.

EMCO develops world's first 3 phase HTS Transformer with a natural convection cryogenic cooling system under JV with CPRI- Ministry of Power, Govt. of India

The Company has adequate internal control procedures commensurate with its size and nature of business. The

internal control systems are supplemented by internal audits that conduct regular audits to ensure adequacy of the control system, adherence to management instructions and legal compliance. The Audit Committee of Board of Directors periodically reviews the audit plans, observations and recommendations of the internal and external auditors with

reference to significant risk areas and adequacy of internal controls.

The exposure in foreign currency transactions of the Company both in terms of import, export and exposure in overseas investments in subsidiaries have increased over the years. To mitigate the risks associated with the fluctuations in the foreign exchange, the Company is taking adequate measures, however, risk associated with mark to market concept remains.

Forward Looking Statements

Certain statements in the Managements Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that those assumptions and expectations are accurate or will be realized. Actual results could differ from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Auditors' Report to the Members of EMCO Limited

- 1) We have audited the attached Balance Sheet of EMCO Limited as at 31st March 2010, related Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. In our opinion, and to the best of our information and according to the explanations provided to us, the said financial statements read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - ii. in the case of Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For P. RAJ & CO.

Chartered Accountants

P. S. Shah

Proprietor

Membership No. 44611

Firm Registration No. 108310W

Mumbai, 26th May 2010

Annexure referred to Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- 1) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The fixed assets have been physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.

Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.

- 2) The management has conducted physical verification of inventory at reasonable intervals. In respect of stocks lying with the third parties, confirmation for most of the stocks has been received.

In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.

- 3) According to the information and explanations provided to us and as per the records examined by us, as on 31st March 2010, Company has granted unsecured interest free loans amounting to Rs. 4,645.48 lakh to three of its wholly owned subsidiaries covered in the register maintained under section 301 of the Companies Act, 1956. The maximum balance outstanding during the year amounted to Rs. 9,419.86 lakh.

In our opinion, other terms and conditions of such loan are prima facie not prejudicial to the interest of the Company.

In the absence of terms of repayment, we are not able to comment on the regularity of the repayment of loans.

As per information and explanations provided to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- 4) In our opinion and according to the information and explanations provided to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

- 5) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

In our opinion and according to the information and explanations provided to us, the transactions made in pursuance of such contracts or arrangements have been made at reasonable prices having regard to the prevailing market prices at the relevant time.

- 6) In our opinion and according to the information and explanations provided to us, the Company has not accepted any deposits from the public.

- 7) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

- 8) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and

Annexure referred to Auditors' Report (Contd.)

are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- 9) According to the information and explanations provided to us and on the basis of our examination of the books of accounts, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Customs Duty, Wealth Tax, Sales Tax, Service Tax, Excise Duty, Cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2010, there are no undisputed dues payable for a period of more than six months from the date they became payable.

As at 31st March 2010, according to the records of the Company and the information and explanations given to us, the following are the particulars of disputed dues on account of Sales Tax, Income Tax, Excise Duty, Service Tax and Cess that have not been deposited:

Name of Statute	Nature of Dues	Amount (Rupees in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Act	Levy of Sales Tax on Excise Duty on Deemed Export	18.53	1992-93	Assistant Commissioner of Sales Tax
Sales Tax Act	Non-submission of Statutory Forms	12.49	2000-01	Assistant Commissioner of Sales Tax
Central Excise Act	Interest on Differential Duty	21.63	2004-09	CESTAT
Central Excise Act	Interest on Wrong Utilization of Cenvat Credit	5.00	2007-08	The Commissioner of Central Excise (Appellant)
Service Tax	Service Tax on Erection and Commissioning	1.74	1999-02	CESTAT
Service Tax	Service Tax on Erection and Commissioning	44.28	2005-06	Additional Commissioner of Central Excise
Income Tax Act	Disallowance of Expenses	90.56	2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act	Disallowance of Expenses	0.73	2006-07	Commissioner of Income Tax (Appeals)
Income Tax Act	Non Credit of Taxes and Interest	18.39	2006-07	Assistant Commissioner of Income Tax

- 10) The Company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- 11) Based on our audit procedures and as per the information and explanations provided by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to any financial institution or bank or to debenture holders as at the Balance Sheet date.
- 12) Based on our audit procedures and according to the information and explanations provided to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations provided to us, the nature of activities of the Company does not attract the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003.
- 14) In our opinion, the Company is not dealing in or trading in shares, debentures and other investments.

Annexure referred to Auditors' Report (Contd.)

Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- 15) According to the information and explanations provided to us and the records examined by us, the Company has given guarantee for loan taken by its wholly owned subsidiary from bank. In our opinion, terms and conditions of guarantee given is not prejudicial to the interest of the Company.
- 16) According to the information and explanations provided to us and the records examined by us, in our opinion, the term loans were applied by the Company for the purpose for which they were obtained.
- 17) According to the information and explanations provided to us and on an overall examination of the balance sheet and cash flow statement of the Company, in our opinion, the funds raised on short term basis have not been used for long-term investment.
- 18) According to the information and explanations provided to us and on the basis of records examined by us, the Company has made a preferential allotment of shares to party covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company
- 19) According to the information and explanations provided to us and the records examined by us, the Company has created security and charge in respect of debentures issued.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations provided by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For P. RAJ & CO.

Chartered Accountants

P. S. Shah

Proprietor

Membership No. 44611

Firm Registration No. 108310W

Mumbai, 26th May 2010

Balance Sheet as at 31st March 2010

(Rupees in Lakhs)

	Schedules	As at 31-Mar-10	As at 31-Mar-09
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1,238.54	1,176.74
Share Warrants	1A	497.55	1,955.00
Reserves and Surplus	2	56,998.56	40,824.22
TOTAL		58,734.65	43,955.96
LOAN FUNDS			
Secured Loans	3	25,990.16	35,614.41
DEFERRED TAX LIABILITY (NET)	4	2,480.48	1,995.79
TOTAL SOURCES OF FUNDS		87,205.29	81,566.16
II. APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross Block		28,867.40	26,330.22
Less : Depreciation and Amortisation		9,223.71	8,074.59
NET BLOCK		19,643.69	18,255.63
Add: Capital Work In Progress (Including Capital Advance)		1,885.33	2,344.90
		21,529.02	20,600.53
INVESTMENTS	6	1,033.06	1,217.56
CURRENT ASSETS, LOANS AND ADVANCES	7		
Inventories		15,256.82	17,562.52
Sundry Debtors		47,746.92	46,997.82
Cash and Bank Balances		17,744.23	12,864.63
Other Current Assets		686.32	412.63
Loans and Advances		18,772.24	24,059.93
		100,206.53	101,897.53
LESS : CURRENT LIABILITIES AND PROVISIONS	8		
Liabilities		34,549.00	41,185.75
Provisions		1,014.32	963.71
		35,563.32	42,149.46
NET CURRENT ASSETS		64,643.21	59,748.07
TOTAL APPLICATION OF FUNDS		87,205.29	81,566.16
Notes forming part of the Accounts	14		

As per our report of even date

For P. RAJ & CO.
Chartered Accountants

P. S. Shah
Proprietor
Membership No. 44611
Firm Registration No. 108310W
Mumbai, 26th May 2010

For and on behalf of Board

R.S. Jain
Chairman

A.K. Dhagat
Managing Director

Sunil Rustagi
Chief Financial Officer
Thane, 26th May 2010

S.S. Jain
Vice Chairman

T.N.V. Ayyar
Director

Praveen Kumar
Company Secretary

Profit and Loss Account for the year ended on 31st March 2010

(Rupees in Lakhs)			
	Schedules	For the Year ended 31-Mar-10	For the Year ended 31-Mar-09
INCOME			
Gross Sales and Services		103,137.91	1 05,906.15
Less: Excise Duty		5,282.59	6,280.38
Net Sales and Services		97,855.32	99,625.77
Other Income	9	12,801.33	5.78
TOTAL		110,656.65	99,631.55
EXPENDITURE			
Materials	10	74,479.25	73,857.73
Employee Cost	11	5,342.65	4,108.81
Other Expenses	12	7,024.12	7,826.49
Interest Expenses	13	3,679.65	4,152.20
Depreciation & Amortisation		1,788.64	1,637.44
TOTAL		92,314.31	91,582.67
Profit before prior period items		18,342.34	8,048.88
Prior Period Items (Net)		13.37	11.56
Profit Before Taxation		18,328.97	8,037.32
Provision for Tax:			
- Current Tax		4,480.00	2,075.00
- Fringe Benefit Tax		-	85.00
- Deferred Tax		275.38	567.24
- Earlier Years Tax including Deferred Tax (Net)		193.93	-
Profit After Taxation		13,379.66	5,310.08
Balance brought forward from previous year		13,566.60	10,387.56
Profit available for Appropriation		26,946.26	15,697.64
APPROPRIATIONS:			
General Reserve		1,400.00	750.00
Debenture Redemption Reserve		417.33	417.33
Proposed Dividend		866.98	823.72
Tax on Dividend		147.34	139.99
Balance carried to Balance Sheet		24,114.61	13,566.60
TOTAL		26,946.26	15,697.64
Basic earnings per share excluding Extraordinary Item in Rupees on share of Rs. 2 fully paid up		6.00	9.03
Diluted earnings per share excluding Extraordinary Item in Rupees on share of Rs. 2 fully paid up		5.85	9.03
Basic earnings per share including Extraordinary Item in Rupees on share of Rs. 2 fully paid up		22.72	9.03
Diluted earnings per share including Extraordinary Item in Rupees on share of Rs. 2 fully paid up		22.16	9.03
Notes forming part of the Accounts	14		

As per our report of even date

For and on behalf of Board

For P. RAJ & CO.
Chartered Accountants

R.S. Jain
Chairman

S.S. Jain
Vice Chairman

P. S. Shah
Proprietor
Membership No. 44611
Firm Registration No. 108310W
Mumbai, 26th May 2010

A.K. Dhagat
Managing Director

T.N.V. Ayyar
Director

Sunil Rustagi
Chief Financial Officer
Thane, 26th May 2010

Praveen Kumar
Company Secretary

Cash Flow Statement for the year ended on 31st March 2010

(Rupees in Lakhs)

	For the Year ended 31-Mar-10	For the Year ended 31-Mar-09
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before prior period items	18,342.34	8,048.88
Adjustments for:		
Depreciation & Amortisation	1,788.64	1,637.44
Interest Expenses	3,679.65	4,152.20
Sundry Balances Written Off	57.53	293.92
Prior Period Items	(13.37)	(11.56)
Loss on Sale of Fixed Assets	75.76	28.85
Dividend Income	(9.46)	(2.98)
Profit on Disinvestment in Subsidiary	(12,734.71)	-
Operating Profit before Working Capital Changes	11,186.38	14,146.75
Adjustments for:		
Trade and other payables	(6,685.79)	8,540.03
Trade and other receivables	(4,308.98)	(8,441.19)
Inventory	2,305.70	(4,152.80)
Cash generated from Operations	2,497.31	10,092.79
Direct Taxes paid	(1,792.80)	(2,099.69)
Net Cash Inflow/(Outflow) from Operating Activities	704.51	7,993.10
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Acquisition of Fixed Assets / Capital Work in Progress (CWIP)	(2,826.85)	(4,007.71)
Sale proceeds of Fixed Assets / CWIP	33.96	43.19
(Acquisition) / Disposal of Investments (Net)	179.50	125.25
Disinvestment in Subsidiary (Net of Tax)	9,854.33	-
Long Term Advances returned from Subsidiaries	9,107.34	-
Long Term Advances to Subsidiaries	(377.43)	(3,769.21)
Dividend Received	9.46	2.98
Net Cash inflow/(outflow) from Investment activities	15,980.31	(7,605.50)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase in Share Capital (including premium)	1,915.80	-
Increase in Warrant Money	497.55	-
Increase/(Decrease) in Secured Loans	(9,624.25)	4,778.34
Interest Paid (Net)	(3,633.17)	(4,111.14)
Dividend paid during the year including Dividend Tax	(961.15)	(963.71)
Net Cash from Financing Activities	(11,805.22)	(296.51)
Net increase in Cash and Cash Equivalents	4,879.60	91.09
Cash and Cash Equivalents at the beginning of the year	12,864.63	12,773.54
Cash and Cash Equivalents at the end of the year	17,744.23	12,864.63

As per our report of even date

For and on behalf of Board

For P. RAJ & CO.
Chartered Accountants

R.S. Jain
Chairman

S.S. Jain
Vice Chairman

P. S. Shah
Proprietor
Membership No. 44611
Firm Registration No. 108310W
Mumbai, 26th May 2010

A.K. Dhagat
Managing Director

T.N.V. Ayyar
Director

Sunil Rustagi
Chief Financial Officer
Thane, 26th May 2010

Praveen Kumar
Company Secretary

Schedules forming part of the accounts as at 31st March 2010

	(Rupees in Lakhs)	
	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 1 - SHARE CAPITAL		
Authorised :-		
75,000,000 (75,000,000) Equity Shares of Rs. 2 each (Rs. 2 each)	1,500.00	1,500.00
500,000 (500,000) Cumulative Redeemable Preference shares of Rs. 100 each	500.00	500.00
	<u>2,000.00</u>	<u>2,000.00</u>
Issued, Subscribed and Paid up :-		
61,926,860 (58,836,860) Equity Shares of Rs. 2 each	1,238.54	1,176.74
Notes:		
Equity Share Capital includes:		
a) 888,100 Shares represent shares allotted as fully paid up, pursuant to a contracts for consideration other than cash.		
b) 744,000 Shares represent shares which were issued as fully paid bonus shares by Capitalisation of Reserves.		
c) 193,650 Shares represent shares which were issued as fully paid up to shareholders of the erstwhile EMCO Esta Capacitors Limited on its amalgamation with the Company, for consideration other than cash.		
d) 6,100,000 Shares represent shares which were issued as fully paid up to shareholders of the erstwhile India Energy Investments Private Limited on its amalgamation with the Company for consideration other than cash.		
	<u>1,238.54</u>	<u>1,176.74</u>
SCHEDULE 1A - SHARE WARRANTS		
3,210,000 (1,700,000) Warrants of Rs. 15.50 (Rs. 11.5), each warrant carry option / entitlement to subscribe to one (five) number of equity share of Rs. 2 (Rs. 2) each at a price of Rs. 62 (Rs. 230) per share, on or before 03rd Jan 2011.	497.55	1,955.00
	<u>497.55</u>	<u>1,955.00</u>
SCHEDULE 2 - RESERVES AND SURPLUS		
Capital Reserve:		
As per last Account	33.93	33.93
Add: Transfer on Forfeiture of Warrants	1,955.00	-
	<u>1,988.93</u>	<u>33.93</u>
Capital Redemption Reserve:		
As per last Account	4.50	4.50
Securities Premium Account:		
As per last Account	23,881.55	23,881.55
Add: Received during the year	1,854.00	-
	<u>25,735.55</u>	<u>23,881.55</u>
Debenture Redemption Reserve:		
As per last Account	417.33	-
Transfer from Profit and Loss Account	417.33	417.33
	<u>834.66</u>	<u>417.33</u>
General Reserve:		
As per last Account	2,920.31	2,170.31
Add: Transfer from Profit and Loss Account	1,400.00	750.00
	<u>4,320.31</u>	<u>2,920.31</u>
Surplus:		
Balance in Profit and Loss Account	24,114.61	13,566.60
	<u>56,998.56</u>	<u>40,824.22</u>

Schedules forming part of the accounts as at 31st March 2010

(Rupees in Lakhs)

	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 3 - SECURED LOANS		
1. 12.50% Non Convertible Debentures	5,000.00	5,000.00
2. Vehicle Loans	53.33	95.80
3. Term Loans:		
a) Term Loan Working Capital From Financial Institution	-	1 00.00
b) Term Loans From Banks	-	1,660.00
c) Term Loans From Banks	3,234.00	4,096.40
4. Working Capital from Banks:		
a) Working Capital Demand Loan	12,248.79	4,531.55
b) Foreign Currency Demand Loan	1,007.83	4,323.91
c) Cash Credit / Packing Credit - Rupee / Foreign Currency	4,446.21	1 5,806.75
	<u>25,990.16</u>	<u>35,614.41</u>

Notes:

- 500 (500) 12.5% Non Convertible Debentures of Rs. 10 lakh each referred in (1) above are secured by way of Mortgage on Building situated at MIDC-Thane, Umala-Jalgaon and on Land and Building situated at MIDC-Jalgaon and hypothecation on Plant & Machinery, Furniture, Electrical & other installations, Office Equipments & Air conditioners situated at MIDC-Thane, MIDC-Jalgaon, Umala-Jalgaon and Dadra. This will be redeemed in three equal annual instalment commencing from 24 December 2011.
- Vehicle Loans referred in (2) above are secured by way of charge of respective vehicles financed.
- Term loans referred in 3(a) & 3(b) was secured by first pari-passu charge on all the Company's immovable properties situated at MIDC-Thane and MIDC-Jalgaon except ownership flats purchased or to be purchased and the first charge by way of hypothecation of all the Company's movables (save and except book debts) subject to prior charges created and/or to be created in favour of Company's bankers for working capital requirements in the ordinary course of business and also subject to exclusive charges and/or to be created on specific items of plant and machinery/equipments/ownership flats.
- Term loan referred in 3(c) above is secured by exclusive first charge by way of mortgage on the specific land on which the windmills are installed in Maharashtra and exclusive first charge by way of hypothecation on movable fixed assets (plant, machinery, equipments) pertaining to windmills.
- Working Capital Loans from Banks referred in 4(a), 4(b) & 4(c) above and Bank facilities mentioned in 2 (a) to (c) of schedule 14 are secured against hypothecation and charges by way of first charge on Raw Materials, Stocks-in-process, Finished Goods, Consumable Stores and Spares, Book Debts, Outstanding and Claims both present and future and all the tangible movable properties and assets subject to prior charges. This is further secured by Second Charge on the Company's Fixed Assets situated at MIDC-Thane, MIDC-Jalgaon and Dadra Plant.

SCHEDULE 4 - DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Arising on account of timing difference in		
- Depreciation Allowance	2,925.15	2,733.64
Deferred Tax Assets		
Arising on account of timing difference in		
- Expenses & Others	(444.67)	(737.85)
NET DEFERRED TAX LIABILITY	<u>2,480.48</u>	<u>1,995.79</u>

Schedules forming part of the accounts as at 31st March 2010

SCHEDULE 5 - FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION/AMORTISATION/IMPAIRMENT			NET BLOCK	
	As at 1-Apr-09	Additions during the year	Deductions during the year	As at 31-Mar-10	As at 1-Apr-09	For the Year	Adjustments/ (Deductions)	As at 31-Mar-10
Tangible Assets:								
Free hold Land	269.18	219.71	-	488.89	-	-	-	488.89
Lease Hold Land	27.28	-	-	27.28	0.82	0.81	-	25.65
Buildings	6,575.72	912.15	33.05	7,454.82	1,317.41	200.10	(4.17)	5,941.48
Plant & Machinery	10,519.36	1,629.72	591.71	11,557.37	4,602.05	737.36	(559.58)	6,777.54
Air Craft	291.42	-	-	291.42	17.97	16.32	-	257.13
Wind Energy Generators	6,010.38	-	-	6,010.38	825.23	621.47	-	4,563.68
Air Conditioners & Office Equipments	298.25	90.42	21.45	367.22	100.50	16.76	(15.85)	265.81
Furniture & Fixtures	846.42	234.15	14.98	1,065.59	360.46	60.21	(11.71)	656.63
Vehicles	429.15	167.13	76.31	519.97	113.26	40.29	(36.47)	402.89
Intangible Assets:								
Goodwill	29.33	-	-	29.33	29.33	-	-	-
Technical Knowhow & Licenses	1,033.73	33.14	11.74	1,055.13	707.56	95.32	(11.74)	263.99
Grand Total	26,330.22	3,286.42	749.24	28,867.40	8,074.59	1,788.64	(639.52)	19,643.69
Previous Year	22,419.74	3,997.95	87.47	26,330.22	6,452.58	1,637.44	(15.43)	18,255.63

Notes:-

- Buildings include Five shares of Rs. 50 each fully paid in Virgo Co-operative Housing Society Limited and Five Shares of Rs. 50 each in Brij Co-operative Housing Society Limited, Sixty shares of Rs. 50 each in Tripura Lok Dhara Co-operative Housing Society Limited, Twenty shares of Rs. 50 each in Nandi Lok Dhara Co-operative Housing Society Limited, Thirty shares of Rs. 50 each in Saket Towers Co-operative Housing Society Limited, Thirty Five shares of Rs. 50 each in Saket Co-operative Housing Society Limited and Rs. 700 paid towards Share Application money for Housing Society.
- Air Craft amounting to Rs. 291.42 lakh, Office Equipment amounting to Rs. 0.01 lakh, Computers amounting to Rs. 0.15 lakh and Vehicles amounting to Rs. 2.71 lakh are Assets jointly owned by Company.

Schedules forming part of the accounts as at 31st March 2010

(Rupees in Lakhs)

	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 6 - INVESTMENTS (at cost) (Long Term)		
1. Non Trade		
In Government Securities		
National Saving Certificates (held in the name of employee and deposited with Government Department)	0.50	0.37
Others		
A. Quoted:		
a) 22,524 (22,524) Equity Shares of Rs. 10 each fully paid up in Andhra Bank Limited	20.27	20.27
b) 9,172 (9,172) Equity Shares of Rs. 10 each fully paid up in Union Bank of India	10.09	10.09
c) 9,572 (9,572) Equity Shares of Rs. 10 each fully paid up in Bombay Rayon Fashions Limited	6.70	6.70
d) 3,600 (3,600) Equity Shares of Rs. 10 each fully paid up in Morarka Finance Limited	0.36	0.36
e) 100,437 (100,437) Equity Shares of Rs. 10 each fully paid up in Dena Bank Limited	27.48	27.48
f) 5,000 (5,000) Equity Shares of Rs. 2 each fully paid up in Cipla Limited	6.12	6.12
g) 1,200 (1,200) Equity Shares of Rs. 10 each in Development Credit Bank Limited	0.18	0.18
h) Nil (100) Upper Tier II Bonds Series IX of Dena Bank of Rs. 1,000,000 each	-	1,000.00
i) Nil (8,000) Equity Shares of Rs. 2 each fully paid up in Matrix Labs Limited (Aggregate Market Value Rs. 168.31 lakh, Previous Year Rs. 976.49 lakh)	-	19.23
B. Unquoted:		
i) 1,667 (1,667) Equity Shares of Rs. 10 each of Cozy Properties Private Limited	116.76	116.76
ii) 8,346 (Nil) Non-Cumulative Preference Shares of Rs. 10 each of Cozy Properties Private Limited	834.60	-
2. Trade (Unquoted)		
Investment in Subsidiary Companies		
Nil (50,000) Equity Shares of Rs. 10 each of EMCO Energy Limited (Out of the above Nil (6) Equity shares were held in the name of others as nominees on behalf and ownership of the Company)	-	5.00
10 (10) Ordinary Shares of SGD 1 each of EMCO Overseas Pte Limited * Rs. 282 (Rs. 282)	*	*
50,000 (50,000) Equity Shares of Rs. 10 each of EMCO Power Limited (Out of the above, 6 Equity shares are held in the name of others as nominees on behalf and ownership of the Company)	5.00	5.00
50,000 (Nil) Equity Shares of Rs. 10 each of EMCO Power Infrastructure Limited (Out of the above, 6 Equity shares are held in the name of others as nominees on behalf and ownership of the Company)	5.00	-
	1,033.06	1,217.56

Movement in Investments during the year

Scrip Name	Nos.	Purchase Value	Sales Value
LIC MF Liquid Fund - Dividend Plan	36,429,540.72	4,000.00	4,000.00
LIC MF Saving Plus Fund - Daily Dividend Plan	40,004,542.14	4,000.45	4,000.45
HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvest	32,626,959.66	4,000.00	4,000.00
HDFC Cash Management Fund - Treasury Advantage Plan-Wholesale - Daily Dividend	39,878,623.84	4,000.42	4,000.42

Schedules forming part of the accounts as at 31st March 2010

	(Rupees in Lakhs)	
	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
(As taken, valued and certified by Management)		
Store, Spares and Packing Material	80.05	39.70
Raw Materials	7,972.19	11,001.54
Work-in-progress	5,997.34	6,521.28
Stock in Transit	1,207.24	-
	<u>15,256.82</u>	<u>17,562.52</u>
SUNDRY DEBTORS		
<i>Secured and considered good:</i>		
- Debts outstanding over six months	-	-
- Other Debts	2,792.36	765.72
<i>Unsecured and considered good:</i>		
- Debts outstanding over six months	14,179.68	13,533.31
- Other Debts	30,774.88	32,698.79
	<u>47,746.92</u>	<u>46,997.82</u>
CASH AND BANK BALANCES		
Cash in hand (including Cheques on Hand)	880.64	2,444.15
<i>Balance with Scheduled Banks:</i>		
In Current Accounts	172.38	166.53
In Fixed Deposit	16,671.94	10,236.62
In Margin Money & Lien	15.00	15.00
<i>Balance with Others:</i>		
In Current Accounts	4.27	2.33
	<u>17,744.23</u>	<u>12,864.63</u>
OTHER CURRENT ASSETS		
Contract Revenue in Excess of Billing	686.32	412.63
	<u>686.32</u>	<u>412.63</u>
LOANS AND ADVANCES		
<i>Secured and considered good:</i>		
Advances recoverable in cash or in kind or for value to be received	2.48	3.69
<i>Unsecured and considered good:</i>		
Advances recoverable in cash or in kind or for value to be received	10,002.36	6,512.06
Advance to Wholly Owned Subsidiaries		
- EMCO Energy Limited	-	4,345.56
[Maximum amount outstanding during the year Rs. 4,492.62 lakh, Previous Year Rs. 4,412.34 lakh]		
- EMCO Overseas Pte Limited	4,268.05	9,029.83
[Maximum amount outstanding during the year Rs. 9,039.88 lakh, Previous Year Rs. 9,029.83 lakh]		
- EMCO Power Limited	377.43	-
[Maximum amount outstanding during the year Rs. 379.98 lakh, Previous Year Rs. Nil]		
Other Deposits	852.10	988.65
[includes deposits with parties which are related to Directors, Rs. 100 lakh, (Previous Year Rs. 100 lakh), maximum amount outstanding during the year Rs. 100 lakh (Previous Year Rs. 100 lakh)]		
Intercompany Deposits	684.61	519.81
Income Tax (Net of Provision)	309.37	95.81
Balances with Excise Authorities	1,793.88	2,282.13
Other Advances	481.96	282.39
	<u>18,772.24</u>	<u>24,059.93</u>
TOTAL CURRENT ASSETS	<u>100,206.53</u>	<u>101,897.53</u>

Schedules forming part of the accounts as at 31st March 2010

	(Rupees in Lakhs)	
	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES:		
Sundry Creditors and Other Liabilities:		
Due to Micro, Medium and Small Scale Industries	13.78	23.85
Bills Payable	8,214.91	16,167.65
Others	20,933.92	21,815.22
Advances against orders	4,125.16	2,292.04
Billing In Excess of Contract Revenue	1,207.07	840.81
Interest accrued but not due	46.48	41.06
Investor Education and Protection Fund shall be credited by following amounts when due:		
Unclaimed Dividends	7.68	5.12
	<u>34,549.00</u>	<u>41,185.75</u>
B. PROVISIONS:		
Proposed Dividend	866.98	823.72
Tax on Dividend	147.34	139.99
	<u>1,014.32</u>	<u>963.71</u>
TOTAL CURRENT LIABILITIES	<u><u>35,563.32</u></u>	<u><u>42,149.46</u></u>

Schedules forming part of the accounts for the year ended 31st March 2010

	(Rupees in Lakhs)	
	For the Year ended 31-Mar-10	For the Year ended 31-Mar-09
SCHEDULE 9 - OTHER INCOME		
Extraordinary Item (See Note No. 8 of Schedule 14)	12,734.71	-
Dividend	9.46	2.98
Profit on Sale of Investments (Net)	20.75	-
Miscellaneous Receipts	36.41	2.80
	<u>12,801.33</u>	<u>5.78</u>
SCHEDULE 10 - MATERIALS		
OPENING STOCK:		
Raw Material	11,001.54	9,330.32
Work-in-progress	6,521.28	4,079.40
	<u>17,522.82</u>	<u>13,409.72</u>
Purchases and Related Charges	72,133.20	77,970.83
	<u>89,656.02</u>	<u>91,380.55</u>
LESS:		
CLOSING STOCK:		
Raw Material	7,972.19	11,001.54
Work-in-progress	5,997.34	6,521.28
Stock in Transit	1,207.24	-
	<u>15,176.77</u>	<u>17,522.82</u>
	<u><u>74,479.25</u></u>	<u><u>73,857.73</u></u>

Schedules forming part of the accounts for the year ended 31st March 2010

	(Rupees in Lakhs)	
	For the Year ended 31-Mar-10	For the Year ended 31-Mar-09
SCHEDULE 11 - EMPLOYEE COST		
<i>Employees Remuneration and Benefits:</i>		
Salaries, Wages and Bonus	4,929.68	3,776.03
Contribution to Provident and Other Funds	263.97	225.21
Workmen and Staff Welfare expenses	149.00	107.57
	<u>5,342.65</u>	<u>4,108.81</u>
SCHEDULE 12 - OTHER EXPENSES		
Stores and Spares consumed	190.54	184.59
Power and Fuel	555.43	450.35
<i>Repairs and Maintenance:</i>		
Buildings	94.10	90.12
Plant and Machinery	227.27	62.00
Others	140.87	88.59
	<u>462.24</u>	<u>240.71</u>
Rent and Compensation	127.70	98.48
Rates and Taxes	61.20	83.03
Insurance Charges (Net)	217.25	234.57
Travelling and Conveyance	944.01	751.57
Freight (Net)	228.12	512.17
Advertisement	30.44	105.38
Commission on Sales	1,162.28	987.21
Sales Promotion Expenses	298.05	139.62
Legal and Professional fees	804.04	682.01
Postage, Telephone and Fax	151.58	119.42
Printing and Stationery	81.43	80.29
Vehicle Expenses	93.77	73.59
Directors' Sitting Fees	3.03	1.04
Membership and Subscription	28.40	11.98
Bank charges, Guarantee Commission and Other charges	701.65	1,231.32
Loss on sale of Investments	-	0.06
Loss on Disposal of Fixed Assets (Net)	75.76	28.85
Warranty and after sales expenses	264.82	248.08
Donation	38.76	74.47
Miscellaneous Expenses	92.80	133.12
Staff Training and Recruitment	113.00	101.79
Security Charges	165.45	125.90
Sundry Balances Written Off (Net)	57.53	293.92
Testing Charges	45.58	36.61
Foreign Exchange Fluctuation	29.26	796.36
	<u>7,024.12</u>	<u>7,826.49</u>
SCHEDULE 13 - INTEREST EXPENSES		
On Debentures	623.29	167.81
On Term Loans	471.33	733.21
On Working Capital	2,522.42	3,707.12
To Others	608.09	104.16
	<u>4,225.13</u>	<u>4,712.30</u>
Less:		
Interest from bank and others	545.48	560.10
[Tax Deducted at Source Rs. 32.76 lakh (Rs. 71.21 lakh)]		
	<u>3,679.65</u>	<u>4,152.20</u>

Schedules forming part of the accounts

SCHEDULE 14 - NOTES FORMING PART OF THE ACCOUNTS

1. Significant Accounting Policies:

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The significant accounting policies are as follows:

A. Basis of Accounting:

The financial statements are prepared in accordance with the historical cost convention.

B. Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent amounts as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively when revised.

C. Fixed Assets / Capital Work in Progress:

Expenditure, which is of capital nature, is capitalised. Such expenditure includes purchase price, import duties, levies, and attributable cost of bringing the asset to its operating condition. The assets acquired on Hire Purchase basis have been capitalised at the gross value and interest thereon is charged to Profit and Loss Account. Projects under commissioning and other Capital Work-in-Progress are carried at costs, comprising direct cost, related incidental expenses and interest on borrowings.

D. Depreciation / Amortisation:

I. Tangible Assets

Depreciation has been calculated in accordance with Section 205(2) (b) of the Companies Act, 1956, as under:

- a. The depreciation is provided from the date the assets are put to use, on straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, except following Assets which are depreciated over period of its estimated useful life:

Asset	Estimated Useful Life
i) Porta Cabin	5 Years
ii) Form Box	5 Years
iii) Templates	5 Years

- b. The Company provides 100% depreciation on fixed assets with value less than or equal to Rs. 5,000 as per the provisions of Schedule XIV of the Companies Act 1956.

II. Intangible Assets

- a. These are amortised over their useful life, not exceeding five years.
b. Deferred Revenue Expenditure is written off in the year of expenditure.

III. Leasehold land, which are given by Central/State Government authorities are not amortised in view of the long tenure of the lease.

E. Investments:

Long term investments are stated at cost less permanent diminution in value, if any.

F. Valuation of Inventories:

Raw Materials, Stock in Process, Stores and Spares are valued at cost and net of credits under the scheme of Cenvat Rules and VAT Rules. Finished goods are valued at cost, or Market Value / Contract Price, whichever is less. Cost is determined on a weighted average basis.

Schedules forming part of the accounts (Contd.)

G. Revenue Recognition:

- I. Sales are inclusive of Excise Duty, Duty Drawback but net of Sales Tax, Returns, Trade Discounts and incentives.
- II. Excise Duty on manufactured goods is accounted at the time of their clearance from factory.
- III. Revenue from long term contracts are recognized on the percentage of completion method, in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen.
- IV. Dividend Income is recognised when the right to receive dividend is established. Interest Income is recognized on time proportion basis.

H. Foreign Exchange Transactions:

Foreign Currency transactions are recorded at exchange rates prevailing on the date of respective transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates. The differences in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuation.

Gain or loss on restatement of forward exchange contracts for hedging underlying outstanding at the balance sheet date are recognised in the profit and loss account for the year in which it occurs. The premium or discount on such contracts is recognised in the profit and loss account over the period of the contract.

Gain or loss on fair valuation of forward exchange contracts and embedded derivative contracts for hedging highly forecasted transaction are recognised in the profit and loss account for the year in which it occurs.

I. Derivative instruments (Commodity derivatives):

In order to hedge its exposure to commodity price risk, the Company enters into non speculative hedges, such as forward, option or swap contracts and other appropriate derivative instruments. These instruments are used only for the purpose of managing the exposure to commodity price risk and not for speculative purposes. The premium and gains/losses arising from settled derivative contracts, and mark to market (MTM) losses in respect of outstanding derivative contracts as at balance sheet date are credited for gains or charged for losses to the raw material consumed in so far as it relates to the derivative instruments taken to hedge risk of movement in price of Raw Material, the net MTM gains in respect of outstanding derivatives contracts are not recognized on conservative basis.

J. Export Obligations / Entitlements / Incentives:

Benefit/(Obligation) on account of entitlement on export or deemed export orders, to import duty-free raw materials, under the various Exim Schemes are estimated and accounted in the year in which the export/deemed export orders are executed.

K. Employee Benefits:

Contributions to the recognised Provident Fund/Gratuity Fund and provision for other long term employee benefits-leave, defined benefit schemes, are made on the basis of actuarial valuations made at the end of each financial year are charged to the profit and loss account during the year. Actuarial gains and losses are recognised immediately in the profit and loss account.

L. Operating Lease:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

M. Stock Based Compensation:

In accordance with the Employee Stock Option Scheme (ESOS), the Company recognises the excess, if any, of the

Schedules forming part of the accounts (Contd.)

market price of the options granted as on the date of the grant over the exercise price of the options, and amortises it on a straight line basis over the vesting period.

N. Taxation:

- Provision for Income Tax is made under the liability method after availing exemptions and deductions at the rates applicable under the Income Tax Act, 1961.
- Deferred tax resulting from timing difference between book and tax profits is accounted for using the tax rates and laws that have been enacted as on the Balance Sheet Date.
- Deferred tax assets arising on the temporary timing differences are recognised only if there is reasonable certainty of realisation.

O. Impairment of Fixed Assets:

The carrying amount of assets is reviewed periodically for any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

P. Borrowing Costs:

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and other borrowing costs are charged to the Profit & Loss Account.

Q. Provisions for contingencies:

A provision is recognised when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits which will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company provides for warranty cost based on a technical estimate of the costs required to be incurred for repairs, replacement, material cost, servicing and past experience in respect of warranty costs. It is expected that this expenditure will be incurred over the contractual warranty period.

R. Research & Development:

All revenue expenses pertaining to research and development are charged to the profit and loss account in the year in which they are incurred and expenditure of capital nature is capitalised as fixed assets and depreciated as per the Company's policy.

2. Contingent Liabilities not provided for in respect of:

Sl. No.	Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
a)	Bank Guarantees outstanding as at the year end (Gross) – (Secured)	70,420.10	60,012.79
b)	Bank Guarantees outstanding as at the year end (Gross) – (Secured) Given for erstwhile Subsidiary, EMCO Energy Limited (Subsidiary upto 24th July 2009)	60.63	60.63
c)	Letters of Credit outstanding (Net) as at the year end (Secured)	8,583.42	6,286.01
d)	Guarantee given for Subsidiary Company	5,415.60	NIL

Schedules forming part of the accounts (Contd.)

Sl. No.	Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
e)	Disputed amount of Sales Tax in respect of which appeals have been filed.	31.02	88.11
f)	Claims made by workmen for re-instatement. Matters Subjudice.	Amount not ascertainable	
g)	Disputed amount of Income Tax in respect of which rectification has been filed.	357.78	425.88
h)	Disputed amount of Excise duty and Service tax in respect of which the Company is in appeal.	1,847.69	1,341.13
i)	Claim of about Rs. 26.42 lakh (Rs. 26.42 lakh) by suppliers against the Company. The matter is Subjudice.		
j)	Suit of Rs. 107 lakh (Rs. 107 lakh) filed by a Sub-Contractor against the Company, proceeding is pending before Sole Arbitrator.		
k)	Summary suit of Rs. 10.13 lakh (Rs. 10.13 lakh) filed by one supplier against the Company. The matter is Subjudice.		
l)	Claim filed against the Company for compensation not acknowledged as debt Rs. 27.36 lakh (Rs. 29.93 lakh).		

- The Company has filed a suit against one customer claiming damages of Rs. 110.91 lakh (Rs. 110.91 lakh) and also filed a suit for an order restraining invocation of bank guarantee amounting to Rs. 8.50 lakh (Rs. 8.50 lakh) from the customer.
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounting to Rs. 672.73 lakh (Rs. 828.29 lakh)

5. Managerial Remuneration:

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Directors' Sitting Fees	3.03	1.04
Salaries	122.53	79.99
Perquisites	54.74	29.48
Commission	437.50	500.00
TOTAL	617.80	610.51

Managerial remuneration is exclusive of provision for leave encashment and gratuity, as it is provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual figures cannot be identified.

Computation of Net Profit as per Section 349 of the Companies Act, 1956

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Profit Before Tax as per Profit and Loss Account	18,328.97	8,037.32
Add : Managerial Remuneration	617.80	610.51
Loss on Sale of Fixed Assets	75.76	28.85
Less : Profit on Sale of Investment	20.75	NIL
Profit on sale of Shares in Subsidiary	12,734.71	NIL
Net Profit as per Section 349 of the Companies Act, 1956	6,267.07	8,676.68
Managerial Remuneration @ 11 %	689.38	954.43
Managerial Remuneration for the year, restricted to	617.80	610.51

Schedules forming part of the accounts (Contd.)

6. Employee Stock Option Scheme (ESOS):

In accordance with the ESOS of the Company in earlier years, the employees were offered options for 213,350 equity shares (Option I), 20,000 equity shares (Option II), 4,000 equity shares (Option III), 16,500 equity shares (Option IV), 2,000 equity shares (Option V), 5,000 equity shares (Option VI), 39,500 equity shares (Option VII), and 5,500 equity shares (Option VIII) as per eligible criteria fixed under the scheme. Against each of the above option the eligible employee is entitled to acquire five equity share of Rs. 2 each of the Company at a price of Rs. 90, Rs. 126, Rs. 174, Rs. 256, Rs. 302, Rs. 185, Rs. 150, and Rs. 109 for Option I, II, III, IV, V, VI, VII and VIII respectively.

The details of options outstanding at the beginning of the year and the options granted and options exercised during the year are given below:

Particulars of options	Price for Shares	Particulars	Outstanding at the beginning of the Year (Nos.)	Granted During the Period (Nos.)	Exercised During the Period (Nos.)	Lapsed During the Period (Nos.)	Outstanding at the end of the Year (Nos.)
I	90	Employees	282	NIL	NIL	22	260
		Shares	91,950	NIL	NIL	20,500	71,450
II	126	Directors	4	NIL	NIL	NIL	4
		Shares	20,000	NIL	NIL	NIL	20,000
III	174	Employees	1	NIL	NIL	NIL	1
		Shares	4,000	NIL	NIL	NIL	4,000
IV	256	Employees	3	NIL	NIL	NIL	3
		Shares	9,500	NIL	NIL	NIL	9,500
VII	150	Employees	29	NIL	NIL	5	24
		Shares	36,500	NIL	NIL	6,000	30,500
VIII	109	Employees	2	NIL	NIL	1	1
		Shares	5,500	NIL	NIL	5,000	500

7. Preferential Issue of Share Warrants:

Pursuant to the approval of members by way of Special Resolution passed at an Extra Ordinary General Meeting of the Company held on 22nd June 2009, the Company has allotted 6,300,000 warrants to one of the promoters who is also Chairman and Managing Director of the Company on 04th July 2009. Each warrant carries option/entitlement to subscribe to one equity share of Rs. 2 each at a premium of Rs. 60. Out of these warrants 3,090,000 warrants have been exercised and accordingly 3,090,000 equity share of Rs. 2 each at a premium of Rs. 60 were allotted on 26th March 2010.

8. Extraordinary Item:

During the year Company has sold one of its subsidiaries "EMCO Energy Limited" which was setting up power plant at Warora, Maharashtra and has net gain of Rs. 9,849.33 lakh (net of tax of Rs. 2,885.38 lakh). Being non-recurring in nature same has been treated as an Extraordinary item.

9. Earnings Per Share (EPS):

Particulars	31-Mar-10	31-Mar-09
(a) Amounts used as numerator for calculating Earnings Per Share excluding extraordinary item (Rupees in Lakhs)	3,530.33	5,310.08
(b) Amounts used as numerator for calculating Earnings Per Share including extraordinary item (Rupees in Lakhs)	13,379.66	5,310.08
(c) Weighted Number of Shares outstanding during the period used for calculating Basic Earnings Per Share	58,887,655	58,836,860
Add: Adjustment for dilutive potential equity shares	1,494,221	NIL
Weighted number of shares used for Calculating Dilutive Earnings Per Share	60,381,876	58,836,860

Schedules forming part of the accounts (Contd.)

Particulars	31-Mar-10	31-Mar-09
(d) Earnings Per Share in Rupees excluding extraordinary item (Equity Shares having face value Rs. 2)		
Basic	6.00	9.03
Diluted	5.85	9.03
(e) Earnings Per Share in Rupees including extraordinary item (Equity Shares having face value Rs. 2)		
Basic	22.72	9.03
Diluted	22.16	9.03

10. Related Party Disclosure:

A. Related Parties with whom the Company had transactions

- i. Key Management Personnel and their Relatives:
 - Mr. Rajesh S. Jain
 - Mr. Shailesh S. Jain
 - Mr. R. S. Shah
 - Ms. Meenakshi Jain
 - Ms. Ratna S. Jain
- ii. Entities where Key Management Personnel have significant influence:
 - Purna Properties and Investments Private Limited
 - EMCO Foundation
 - EMCO Power Quality Solutions Limited
- iii. Subsidiaries:
 - EMCO Energy Limited (Upto 24th July 2009)
 - EMCO Power Limited
 - EMCO Power Infrastructure Limited
 - EMCO Overseas Pte. Limited
 - EMCO Infrastructure Limited (Previously know as Warora Power Company Limited)
 - East West Power Generation Company Limited
 - EMCO Edison Transformer (Pty) Limited
- iv. Joint Ventures:
 - PT Vardhaman Logistics
 - PT Vardhaman Mining Services
 - Rabaan(s) Pte. Limited
 - Shyam EMCO Infrastructure Limited
- v. Association of Persons:
 - Arki Aviation

B. Transactions during the year with related parties mentioned above

Nature of Relationship	Nature of Transaction	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Key Management Personnel and their relatives	Remuneration paid	As disclosed in Note 5 of Schedule 14	
	Consultancy Fees	5.93	12.00
	Salary Paid	17.43	NIL
	Rent Expense	28.48	23.13
Entities where Key Management Personnel have Significant Influence	Rent Income	0.40	0.27
	Expenses incurred and recovered	2.89	2.41
	Donation	25.00	64.00

Schedules forming part of the accounts (Contd.)

Nature of Relationship	Nature of Transaction	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Subsidiaries	Business Advance given	1,723.86	4,206.04
	Business Advance Received Back	10,453.77	432.56
	Shares Subscription	5.00	5.00
	Expenses Incurred and Recovered	NIL	0.24
	Bank Guarantee Given for Subsidiary	NIL	60.63
Association of Person	Advance Given	15.00	NIL
	Investment in AOP	NIL	294.29
	Share of Flying and Maintenance Expenses	52.21	35.45
Joint Ventures	Expenses Incurred	NIL	8.39
	Expenses Recovered	8.39	NIL

C. Balance Outstanding at the Year-end with Related Parties mentioned above

Nature of Relationship	Nature of Transaction	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Key Management Personnel and their relatives	Deposit given	100.00	100.00
Subsidiaries	Business Advance given	4,645.48	13,375.39
	Bank Guarantee Given for Subsidiary	**	60.63
Association of Person	Payable to AOP	60.12	7.91
	Advance Given	15.00	NIL
Joint Venture	Receivables from JV	NIL	8.39

** - Bank Guarantee given for erstwhile subsidiary, still in force

11. Segment Reporting:

The Company has only one reportable segment, i. e. Transmission and Distribution Segment within the Power Sector.

12. Disclosure pursuant to Accounting Standard - 15 (revised) 'Employee Benefits':

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Employer's Contribution to Provident Fund	134.80	107.11
Employer's Contribution to E.S.I.C	11.90	11.99

Defined Benefit Plans

Particulars	Gratuity		Leave Encashment	
	31-Mar-10		31-Mar-09	
	(Rupees In Lakhs)	(Rupees In Lakhs)	(Rupees In Lakhs)	(Rupees In Lakhs)
I Change in Defined Benefit obligation (D.B.O)				
Opening defined benefit obligation	175.98	65.71	164.19	42.76
Service cost for the Year	42.64	26.95	22.14	14.61
Interest cost for the year on opening DBO	14.52	5.42	13.13	3.42
Actuarial Losses (gains)	(9.19)	48.91	6.00	44.53
Benefit Paid	(20.42)	(33.28)	(29.48)	(39.61)
Closing defined benefit obligation	203.53	113.71	175.98	65.71

Schedules forming part of the accounts (Contd.)

Particulars	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	31-Mar-10		31-Mar-09	
	(Rupees In Lakhs)	(Rupees In Lakhs)	(Rupees In Lakhs)	(Rupees In Lakhs)
II Fair Value of Plan Assets				
Opening fair value of Plan Assets	143.58	NIL	118.16	NIL
Expected return on Plan Assets	14.54	NIL	11.20	NIL
Actuarial gains and (losses)	1.26	NIL	1.57	NIL
Contribution by employer	47.63	NIL	42.13	NIL
Benefit Paid	(20.42)	NIL	(29.48)	NIL
Closing balance of fair value of Plan Assets	186.59	NIL	143.58	NIL
III Actual Return on Plan Assets				
Expected return on Plan Assets	14.54	NIL	11.20	NIL
Actuarial gains and (losses)	1.26	NIL	1.57	NIL
Actual Return on Plan Assets	15.80	NIL	12.77	NIL
IV Amount Recognised in Balance Sheet				
Liability at the end of Year	203.53	113.71	175.98	65.71
Fair Value of Plan Assets at the end of the Year	186.59	NIL	143.58	NIL
Difference	16.94	113.71	32.40	65.71
Unrecognised Past Service Cost	NIL	NIL	NIL	NIL
Amount Recognised in Balance Sheet	16.94	113.71	32.40	65.71
V Amount Recognised in Income Statement				
Current Service Cost	42.64	26.95	22.14	14.61
Interest on Obligation	14.52	5.42	13.13	3.42
Expected return on Plan Assets	(14.54)	NIL	(11.20)	NIL
Net actuarial losses (gains) recognized	(10.45)	48.91	4.43	44.53
Expenses Recognised in Profit and Loss	32.17	81.28	28.50	62.56
VI Balance Sheet Reconciliation				
Opening Net Liability	32.40	65.71	46.03	42.76
Expenses as Above	32.17	81.28	28.50	62.56
Contribution to LIC/Claims Paid	(47.63)	(33.28)	(42.13)	(39.61)
Amount Recognised in Balance Sheet	16.94	113.71	32.40	65.71
VII Actuarial Assumptions: for the Year	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	8.25%	8.25%	8.00%	8.00%
Expected Return on plan Assets	9.25%	NIL	9.00%	NIL

The estimates of future salary increase, considered in actuarial valuation, has been made after taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

General Description of significant defined plans

I. Gratuity Plan

Gratuity is payable to all eligible employees of the Company on death, resignation after five completed year of service, retirement or permanent disablement.

Schedules forming part of the accounts (Contd.)

Broad Category of plan assets relating to Gratuity as a percentage of total plan assets.

Government of India Securities	NIL
High Quality Corporate bonds	NIL
Equity Shares of Listed Companies	NIL
Property	NIL
Policy of Insurance	100%
Total	100%

II. Leave Plan

Eligible employees can carry forward and encash leave in month of April of every year during tenure of service & on death, permanent disablement and resignation.

13. Disclosure as required by Accounting Standard 19 'Leases':

Operating Lease

- The Company's significant leasing arrangements are in respect of residential flats, office premises taken on lease. The arrangements are generally from 1 month to 60 months. Under these agreements, generally refundable interest-free deposits have been given. In respect of above arrangements, lease rentals payable are recognised in the Profit and Loss Account for the year and included under Rent and Compensation (Disclosed under Schedule 12). Total of Minimum lease payment for a period: -

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Not later than one year	20.73	12.41
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL

- Commercial/residential premises have been given on operating lease having original cost of Rs. 22.42 lakh (Rs. 3.16 lakh) and accumulated depreciation of Rs. 4.75 lakh (Rs. 1.60 lakh) as at 31st March 2010. Depreciation on the above assets for the current year is Rs. 0.37 lakh (Rs. 0.05 lakh). In respect of the above arrangements, lease rent also receivable are recognised in the Profit and Loss Account for the year and included under Other Income.
- The initial direct costs in respect of operating leases are recognised in the Profit and Loss Account.

14. Payment to Auditors' (Net of Service Tax):

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Audit Fees	30.00	20.00
Tax Audit Fees	3.00	3.00
Certification and other matter	27.35	3.71
Out of pocket expenses	0.09	0.11

15. Disclosures required for Micro and Small Enterprises has been determined on the basis of information available with the Company:

Sl. No.	Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
1	The principal amount remaining unpaid to supplier as at the end of accounting year	13.78	23.85
2	The interest due thereon remaining unpaid to supplier as at the end of accounting year.	0.03	0.09
3	The amount of interest paid in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during the year.	NIL	NIL

Schedules forming part of the accounts (Contd.)

Sl. No.	Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
4	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	NIL	NIL
5	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	0.03	0.09
6	The amount of further interest remaining due and payable even in the succeeding years, until such date when the Interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure.	NIL	NIL

16. Licensed, Installed Capacities and Actual Production:

Description	Unit	Licensed Capacity*	Installed Capacity*	Actual Production
Transformers	KVA	N.A.	20,000,000	13,691,949
	(KVA)	(N.A.)	(20,000,000)	(10,946,641)
Electronic Energy Meters	Nos.	N.A.	1,300,000	318,352
	(Nos.)	(N.A.)	(1,300,000)	(522,694)
Towers & Structural	MT.	N.A.	45,000	15,991
	(MT.)	(N.A.)	(45,000)	(7,042)
Wind Power Generation	KWh	N.A.	92,768,400	22,563,339
	(Kwh)	(N.A.)	(92,768,400)	(12,470,481)

*As Certified by the Management but not verified by the Auditors, being a technical matter.

17. Sales and Stock of Goods:

Description	Unit	Sales		Opening Stock		Closing Stock	
		Qty.	(Rupees In Lakhs)	Qty.	(Rupees In Lakhs)	Qty.	(Rupees In Lakhs)
Transformers	Nos.	1519	63,275.42	NIL	NIL	NIL	NIL
	(Nos)	(5,855)	(67,435.93)	NIL	NIL	NIL	NIL
Electronic Energy Meters	Nos.	318,195	3,317.79	NIL	NIL	NIL	NIL
	(Nos)	(504,636)	(4,918.33)	NIL	NIL	NIL	NIL
Towers & Structural	MT	17,052	11,101.08	NIL	NIL	NIL	NIL
	(MT)	(7,042)	(3,916.91)	NIL	NIL	NIL	NIL
Wind Power Generation	Kwh	21,773,030	800.75	NIL	NIL	NIL	NIL
	(kwh)	(11,921,542)	(421.34)	NIL	NIL	NIL	NIL
Project Items, Erection and Services	N.A	N.A.	23,836.46	N.A	NIL	N.A	NIL
	(N.A)	(N.A)	(28,419.03)	N.A.	NIL	N.A	NIL
Others	N.A	N.A.	806.41	N.A	NIL	N.A	NIL
	(N.A)	(N.A)	794.61	N.A	NIL	N.A	NIL

18. Disclosure under Accounting Standard - 7 'Construction Contracts'

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Contract revenue recognised as revenue for the year ended 31 st March.	51,049.75	39,347.16
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) up to 31 st March for all the contracts in progress.	94,552.79	53,048.27
The amount of customer advances outstanding for contracts in progress as at 31 st March.	772.41	243.14
The amounts of retentions due from customers for contracts in progress as at 31 st March.	10,045.43	9,250.76

Schedules forming part of the accounts (Contd.)

19. Raw Materials Consumed:

Description	Unit	For the year ended			
		31- Mar-10		31- Mar-09	
		Quantity	(Rupees In Lakhs)	Quantity	(Rupees In Lakhs)
Copper	Kg.	2,711,572	9,108.89	3,494,676	12,485.40
Lamination	Kg.	5,392,307	10,708.71	5,916,544	12,589.88
Steel	Kg.	19,826,330	8,580.05	10,194,006	3,988.00
Other Items*		-	45,557.66	-	47,236.33

*Other Items include equipments and other miscellaneous items meant for execution of projects and trading items. Since the quantitative denominations of these items are dissimilar, it is impracticable to disclose the quantitative information in respect thereof.

20. Consumption of Raw Materials, Components and Spare Parts and Its Percentage to total:

Description	For the year ended			
	31- Mar-10		31- Mar-09	
	(Rupees In Lakhs)	Percentage	(Rupees In Lakhs)	Percentage
Raw Materials and Components				
Imported	7,773.12	10.51%	9,608.86	12.59%
Indigenous	66,182.19	89.49%	66,690.75	87.41%
Spare Parts				
Imported	5.94	3.12%	5.90	3.20%
Indigenous	184.60	96.88%	178.69	96.80%

21. Value of Imports on C. I. F. Basis:

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Raw Materials/Spare Parts	6,776.12	8,798.86
Capital Goods	532.31	1,232.30

22. Expenditure In Foreign Currency (On Payment Basis):

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Travelling	69.25	53.20
Professional Charges	86.52	40.15
Interest	74.30	139.44
Others (net of taxes)	163.00	241.03

23. Balance with other Bank Accounts:

Name of the Bank	Currency	As at 31- Mar-10 (Rupees In Lakhs)	Maximum balance during the year (Rupees In Lakhs)	As at 31- Mar-09 (Rupees In Lakhs)	Maximum balance during the Previous year (Rupees In Lakhs)
ICBC, China	USD	*	11.07	0.33	6.34
ICBC, China	RMB	4.27	8.20	2.00	7.27

* Balance outstanding is Rs. 7.07

24. Earnings in Foreign Currency:

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
i) Direct export	5,208.41	13,588.36
ii) Deemed Export	4,513.45	2,489.88

Schedules forming part of the accounts (Contd.)

25. Derivative Instruments and Unhedged Foreign Currency Exposure:

Forward Contract outstanding

Particulars	Currency	As on 31- Mar-10 (Amount)	As on 31-Mar-09 (Amount)	Purpose
Sell	USD	6,776,702	10,635,048	Hedge of Receivables
Sell	EURO	1,073,670	1,690,992	Hedge of Receivables
Buy	USD	7,386,860	1,095,342	Hedge of Payable
Buy	EURO	2,518,034	1,192,721	Hedge of Payable
Buy	JPY	5,000,000	NIL	Hedge of Payable
Buy	USD	NIL	6,674,244	Hedge of Loan
Buy	GBP	1,344,267	1,377,790	Hedge of Loan

Unhedged foreign currency exposure

Nature of Transaction	Currency	As on 31 - Mar-10 (Amount)	As on 31-Mar-09 (Amount)
Payable	EURO	244,100	475,288
Payable	USD	2,210,374	10,603,763
Payable	JPY	NIL	8,100,000
Payable	GBP	3,680	3,680
Loan Payable (PCFC)	USD	4,901,829	826,572
Loan Payable (PCFC)	EURO	287,000	NIL
Receivable	USD	703,699	1,652,912
Receivable	EURO	341,491	359,806
Receivable	CAD	NIL	114,400
Loan Receivable	USD	9,437,500	17,602,500
Loan Receivable	SGD	8,690	8,690

26. Research and Development:

Company has incurred total expenditure of Rs. 183.93 lakh (Rs. 185.33 lakh) on Research and Development activities.

27. Balance of Sundry Debtors, Sundry Creditors, Loans and Advances and other balances are as per books of accounts and subject to confirmation and reconciliation, if any.
28. Figures of previous year have been regrouped/rearranged, wherever necessary, to conform to those of the current year.

As per our report of even date

For P. RAJ & CO.
Chartered Accountants

P. S. Shah
Proprietor
Membership No. 44611
Firm Registration No. 108310W
Mumbai, 26th May 2010

For and on behalf of Board

R.S. Jain
Chairman

A.K. Dhagat
Managing Director

Sunil Rustagi
Chief Financial Officer
Thane, 26th May 2010

S.S. Jain
Vice Chairman

T.N.V. Ayyar
Director

Praveen Kumar
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:	
Registration Number	L31102MH1964PLC013011
State Code	11
Balance Sheet Date	31-Mar-2010
II. Capital raised during the year (Amount In Rs. Thousands):	
	6,180
III. Position of Mobilisation and Deployment of Funds (Amount In Rs. Thousands):	
Total Liabilities	8,720,529
Total Assets	8,720,529
Sources of Funds:	
Paid up Capital	123,854
Reserves and Surplus	5,699,856
Warrants Money	49,755
Secured Loans	2,599,016
Unsecured Loans	Nil
Deferred Tax Liability	248,048
Application of Funds:	
Net Fixed Assets	1,964,369
Investments	103,306
Net Current Assets	6,464,321
Misc. Expenditure	Nil
Accumulated Losses	Nil
IV. Performance of Company (Amount In Rs. Thousands):	
Turnover	11,065,665
Total Expenditure	9,231,431
Profit/(Loss) Before Tax	1,832,897
Profit/(Loss) After Tax	1,337,966
Earnings Per Share-Basic in Rupees	22.72
Earnings Per Share-Diluted in Rupees	22.16
Dividend	70%
V. Generic Names of Three Principal Products/Services of the Company:	
(As per monetary terms)	
Item Code No. (ITC Code)	85.04.23
Product Description	Transformers
Item Code No. (ITC Code)	90.28.00
Product Description	Electronic Energy Meters

For and on behalf of Board

R.S. Jain
Chairman

S.S. Jain
Vice Chairman

A.K. Dhagat
Managing Director

T.N.V. Ayyar
Director

Sunil Rustagi
Chief Financial Officer

Praveen Kumar
Company Secretary

Thane, 26th May 2010

Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF EMCO LIMITED

1. We have audited the attached Consolidated Balance Sheet of EMCO Limited (the "Company"), its Subsidiaries and Joint Ventures (collectively, the "EMCO Group") as at 31st March 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain Subsidiaries and Joint Ventures, which have been audited by other auditors whose reports have been furnished to us. The Company's share of total assets as at 31st March 2010, Net Cash Outflows and Loss for the period ended 31st March 2010 in said Subsidiaries and Joint Ventures are Rs. 10,822.88 lakh, Rs. 34.39 lakh and Rs. 638.34 lakh respectively. We have placed reliance on the said reports for the purpose of our opinion on the Consolidated Financial Statements.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" and Accounting Standard 27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India on the basis of separate audited financial statements of EMCO Limited, its Subsidiaries and Joint Venture Companies included in the Consolidated Financial Statements.
5. In our opinion and to the best of our information and according to the explanations given to us and on the basis of consideration of separate audit reports on individual audited financial statements, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Consolidated Balance Sheet, of the state of affairs of the EMCO Group as at 31st March 2010;
 - ii. in the case of Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For P. RAJ & CO.

Chartered Accountants

P. S. Shah

Proprietor

Membership No. 44611

Firm Registration No. 108310W

Mumbai, 26th May 2010

Consolidated Balance Sheet as at 31st March 2010

(Rupees in Lakhs)

	Schedules	As at 31-Mar-10	As at 31-Mar-09
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	1,238.54	1,176.74
Share Warrants	1A	497.55	1,955.00
Reserves and Surplus	2	56,430.95	40,736.19
TOTAL		58,167.04	43,867.93
Minority Interest		(139.79)	(56.03)
LOAN FUNDS			
Secured Loans	3	30,517.89	35,614.41
DEFERRED TAX LIABILITY (NET)	4	2,480.53	1,995.79
TOTAL SOURCES OF FUNDS		91,025.67	81,422.10
II. APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross Block		28,955.87	27,214.62
Less: Depreciation and Amortisation		9,241.93	8,074.84
NET BLOCK		19,713.94	19,139.78
Add: Capital Work In Progress (Including Capital Advance)		2,305.95	5,543.78
		22,019.89	24,683.56
INVESTMENTS	6	1,700.11	1,972.88
CURRENT ASSETS, LOANS AND ADVANCES	7		
Inventories		15,258.45	17,562.52
Sundry Debtors		47,746.92	46,997.82
Cash and Bank Balances		17,825.11	12,951.00
Other Current Assets		686.32	412.63
Loans and Advances		22,849.08	19,834.48
		104,365.88	97,758.45
LESS: CURRENT LIABILITIES AND PROVISIONS	8		
Liabilities		36,067.58	42,030.11
Provisions		1,014.32	963.71
		37,081.90	42,993.82
NET CURRENT ASSETS		67,283.98	54,764.63
MISCELLANEOUS EXPENDITURE			
Preliminary & Pre-operative Expenses (to the extent not w/off)		21.69	1.03
TOTAL APPLICATION OF FUNDS		91,025.67	81,422.10
Notes forming part of the Accounts	14		

As per our report of even date

For P. RAJ & CO.

Chartered Accountants

P. S. Shah

Proprietor

Membership No. 44611

Firm Registration No. 108310W

Mumbai, 26th May 2010

For and on behalf of Board

R.S. Jain

Chairman

A.K. Dhagat
Managing Director

Sunil Rustagi
Chief Financial Officer
Thane, 26th May 2010

S.S. Jain

Vice Chairman

T.N.V. Ayyar
Director

Praveen Kumar
Company Secretary

Consolidated Profit and Loss Account for the year ended on 31st March 2010

(Rupees in Lakhs)			
	Schedules	For the Year ended 31-Mar-10	For the Year ended 31-Mar-09
INCOME			
Gross Sales and Services		103,137.91	1 05,906.15
Less: Excise Duty		5,282.59	6,280.38
Net Sales and Services		97,855.32	99,625.77
Other Income	9	12,801.33	5.78
TOTAL		110,656.65	99,631.55
EXPENDITURE			
Materials	10	74,479.25	73,857.73
Employee Cost	11	5,456.32	4,141.10
Other Expenses	12	7,233.21	7,919.57
Interest Expenses	13	3,991.81	4,150.55
Depreciation & Amortisation		1,802.92	1,637.70
TOTAL		92,963.51	91,706.65
Profit before prior period items		17,693.14	7,924.90
Prior Period Items (Net)		13.37	11.56
Profit Before Taxation		17,679.77	7,913.34
<i>Provision for Tax:</i>			
- Current Tax		4,482.85	2,076.64
- Fringe Benefit Tax		-	85.00
- Deferred Tax		275.38	567.24
- Earlier Years Tax including Deferred Tax (Net)		191.99	-
Profit After Taxation		12,729.55	5,184.46
Share of Minority		(75.57)	(53.97)
Profit After Minority Interest		12,805.12	5,238.43
Balance brought forward from previous year		13,486.81	10,379.42
Profit available for Appropriation		26,291.93	15,617.85
APPROPRIATIONS			
General Reserve		1,400.00	750.00
Debenture Redemption Reserve		417.33	417.33
Proposed Dividend		866.98	823.72
Tax on Dividend		147.34	139.99
Balance carried to Balance Sheet		23,460.28	13,486.81
TOTAL		26,291.93	15,617.85
Basic earnings per share excluding Extraordinary Item in Rupees on share of Rs. 2 fully paid up		5.02	8.90
Diluted earnings per share excluding Extraordinary Item in Rupees on share of Rs. 2 fully paid up		4.90	8.90
Basic earnings per share including Extraordinary Item in Rupees on share of Rs. 2 fully paid up		21.74	8.90
Diluted earnings per share including Extraordinary Item in Rupees on share of Rs. 2 fully paid up		21.21	8.90
Notes forming part of the Accounts	14		

As per our report of even date

For and on behalf of Board

For P. RAJ & CO.
Chartered Accountants

R.S. Jain
Chairman

S.S. Jain
Vice Chairman

P. S. Shah
Proprietor
Membership No. 44611
Firm Registration No. 108310W
Mumbai, 26th May 2010

A.K. Dhagat
Managing Director

T.N.V. Ayyar
Director

Sunil Rustagi
Chief Financial Officer
Thane, 26th May 2010

Praveen Kumar
Company Secretary

Consolidated Cash Flow Statement for the year ended on 31st March 2010

(Rupees in Lakhs)

	For the Year ended 31-Mar-10	For the Year ended 31-Mar-09
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax, prior period items and Minority Interest	17,693.14	7,870.93
Adjustments for:		
Depreciation & Amortisation	1,802.92	1,637.70
Interest Expenses	3,991.81	4,150.55
Sundry Balances Written Off	57.53	293.92
Prior Period Items	(13.37)	(11.56)
Loss on Sale of Fixed Assets	76.51	28.85
Dividend Income	(9.46)	(2.98)
Profit on Disinvestment in Subsidiary	(12,734.71)	-
Operating Profit before Working Capital Changes	10,864.37	13,967.41
Adjustments for:		
Trade and other payables	(5,970.51)	9,297.90
Trade and other receivables	(3,879.18)	(12,094.25)
Unrealised foreign exchange Loss / (Gain)	86.77	43.67
Inventory	2,304.07	(4,152.80)
Cash generated from Operations	3,405.52	7,061.93
Direct Taxes paid	(1,795.84)	(2,098.97)
Net Cash Inflow/(Outflow) from Operating Activities	1,609.68	4,962.96
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Acquisition of Fixed Assets / Capital work in progress (CWIP)	(3,328.58)	(4,512.21)
Sale proceeds of Fixed Assets / CWIP	4,112.83	43.18
Disinvestment in Subsidiary (Net of Tax)	9,849.33	-
(Acquisition) / Disposal of Investments (Net)	272.77	(33.40)
Preliminary & Pre-operative Expenses	(20.66)	(0.78)
Dividend Received	9.46	2.98
Net Cash inflow/(outflow) from Investment activities	10,895.15	(4,500.23)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase in Share Capital (including premium)	1,915.80	-
Increase in Warrant Money	497.55	-
Increase/(Decrease) in Secured Loans	(5,096.52)	4,778.34
Interest Paid (Net)	(3,986.40)	(4,109.49)
Dividend paid during the year including Dividend Tax	(961.15)	(963.71)
Net Cash from Financing Activities	(7,630.72)	(294.86)
Net increase in Cash and Cash Equivalents	4,874.11	167.87
Cash and Cash Equivalents at the beginning of the year	12,951.00	12,783.13
Cash and Cash Equivalents at the end of the year	17,825.11	12,951.00

As per our report of even date

For and on behalf of Board

For P. RAJ & CO.
Chartered Accountants

R.S. Jain
Chairman

S.S. Jain
Vice Chairman

P. S. Shah
Proprietor
Membership No. 44611
Firm Registration No. 108310W
Mumbai, 26th May 2010

A.K. Dhagat
Managing Director

T.N.V. Ayyar
Director

Sunil Rustagi
Chief Financial Officer
Thane, 26th May 2010

Praveen Kumar
Company Secretary

Schedules forming part of the consolidated accounts as at 31st March 2010

	(Rupees in Lakhs)	
	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 1 - SHARE CAPITAL		
Authorised :-		
75,000,000 (75,000,000) Equity Shares of Rs. 2 each (Rs. 2 each)	1,500.00	1,500.00
500,000 (500,000) Cumulative Redeemable Preference shares of Rs. 100 each	500.00	500.00
	<u>2,000.00</u>	<u>2,000.00</u>
Issued, Subscribed and Paid up :-		
61,926,860 (58,836,860) Equity Shares of Rs. 2 each	1,238.54	1,176.74
Notes:		
Equity Share Capital includes:		
a) 888,100 Shares represent shares allotted as fully paid up pursuant to a contracts for consideration other than cash.		
b) 744,000 Shares represent shares which were issued as fully paid bonus shares by Capitalisation of Reserves.		
c) 193,650 Shares represent shares which were issued as fully paid up to shareholders of the erstwhile EMCO Esta Capacitors Limited on its amalgamation with the Company, for consideration other than cash.		
d) 6,100,000 Shares represent shares which were issued as fully paid up to shareholders of the erstwhile India Energy Investments Private Limited on its amalgamation with the Company for consideration other than cash.		
	<u>1,238.54</u>	<u>1,176.74</u>
SCHEDULE 1A - SHARE WARRANTS		
3,210,000 (1,700,000) Warrants of Rs. 15.50 (Rs. 11.5), each warrant carry option / entitlement to subscribe to one (five) number of equity share of Rs. 2 (Rs. 2) each at a price of Rs. 62 (Rs. 230) per share, on or before 03rd Jan 2011.	497.55	1,955.00
	<u>497.55</u>	<u>1,955.00</u>
SCHEDULE 2 - RESERVES AND SURPLUS		
Capital Reserve:		
As per last Account	33.93	33.93
Add: Transfer on Forfeiture of Warrants	1,955.00	-
	<u>1,988.93</u>	<u>33.93</u>
Capital Redemption Reserve:		
As per last Account	4.50	4.50
Securities Premium Account:		
As per last Account	23,881.55	23,881.55
Add: Received during the year	1,854.00	-
	<u>25,735.55</u>	<u>23,881.55</u>
Debenture Redemption Reserve:		
As per last Account	417.33	-
Transfer from Profit and Loss Account	417.33	417.33
	<u>834.66</u>	<u>417.33</u>
General Reserve:		
As per last Account	2,920.31	2,170.31
Add: Transfer from Profit and Loss Account	1,400.00	750.00
	<u>4,320.31</u>	<u>2,920.31</u>
Foreign Currency Translation Reserve	86.72	(8.24)
Surplus:		
Balance in Profit and Loss Account	23,460.28	13,486.81
	<u>56,430.95</u>	<u>40,736.19</u>

Schedules forming part of the consolidated accounts as at 31st March 2010

(Rupees in Lakhs)

	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 3 - SECURED LOANS		
1. 12.50% Non Convertible Debentures	5,000.00	5,000.00
2. Vehicle Loans	56.69	95.80
3. Term Loans		
a) Term Loan Working Capital From Financial Institution	-	1 00.00
b) Term Loans From Banks	-	1,660.00
c) Term Loans From Banks	3,234.00	4,096.40
d) Term Loans From Banks	4,513.00	
4. Loans Against FDRs'	11.37	-
5. Working Capital from Banks		
a) Working Capital Demand Loan	12,248.79	4,531.55
b) Foreign Currency Demand Loan	1,007.83	4,323.91
c) Cash Credit / Packing Credit - Rupee / Foreign Currency	4,446.21	1 5,806.75
	30,517.89	35,614.41

Notes:

- 500 (500) 12.5% Non Convertible Debentures of Rs. 10 lakh each referred in (1) above are secured by way of Mortgage on Building situated at MIDC-Thane, Umala-Jalgaon and on Land and Building situated at MIDC-Jalgaon and hypothecation on Plant & Machinery, Furniture, Electrical & other installations, Office Equipments & Air conditioners situated at MIDC-Thane, MIDC-Jalgaon, Umala-Jalgaon and Dadra. This will be redeemed in three equal annual instalment commencing from 24th December 2011.
- Vehicle Loans referred in (2) above are secured by way of charge of respective vehicles financed.
- Term loans referred in 3(a) & 3(b) was secured by first pari-passu charge on all the Company's immovable properties situated at MIDC-Thane and MIDC-Jalgaon except ownership flats purchased or to be purchased and the first charge by way of hypothecation of all the Company's movables (save and except book debts) subject to prior charges created and/or to be created in favour of Company's bankers for working capital requirements in the ordinary course of business and also subject to exclusive charges and/or to be created on specific items of plant and machinery/equipments/ownership flats.
- Term loan referred in 3(c) above is secured by exclusive first charge by way of mortgage on the specific land on which the windmills are installed in Maharashtra and exclusive first charge by way of hypothecation on movable fixed assets (plant, machinery, equipments) pertaining to windmills.
- Term loan referred in 3(d) above is secured by 1) Pledge over the Subsidiary Company interest/shareholding in (i) Rabaan (S) Pte. Limited, (ii) PT Vardhaman Logistics, (iii) PT Vardhaman Mining Services, (iv) PT Setenco Investga Niaga and (v) PT Bina Insan Sukses Mandiri. Out of the above mentioned companies, the Bank would have second rank pledge of shares in PT Setenco Investga Niaga and PT Bina Insan Sukses Mandiri. However, the Bank shall have first right to appropriate proceeds of any share sale; 2) Corporate guarantee from PT Setenco Investga Niaga; 3) Singapore Law debenture on cash and receivables of the subsidiary company related to Indonesian coal mining business; and 4) Corporate guarantee by the holding company, EMCO Limited covering all obligations of the subsidiary company under the loan facility.
- Loan referred in (4) above, is secured by way of pledge of Fixed Deposit receipts of the joint venture company Shyam EMCO Infrastructure Limited.
- Working Capital Loans from Banks referred in 5(a), 5(b) & 5(c) above and Bank facilities mentioned in 2 (a) to (c) of schedule 14 are secured against hypothecation and charges by way of first charge on Raw Materials, Stocks-in-process, Finished Goods, Consumable Stores and Spares, Book Debts, Outstanding and Claims both present and future and all the tangible movable properties and assets subject to prior charges. This is further secured by Second Charge on the Company's Fixed Assets situated at MIDC-Thane, MIDC-Jalgaon and Dadra Plant.

Schedules forming part of the consolidated accounts as at 31st March 2010

	(Rupees in Lakhs)	
	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 4 - DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Arising on account of timing difference in		
- Depreciation Allowance	2,925.20	2,733.64
Deferred Tax Assets		
Arising on account of timing difference in		
- Expenses & Others	(444.67)	(737.85)
NET DEFERRED TAX LIABILITY	2,480.53	1,995.79

Schedules forming part of the consolidated accounts as at 31st March 2010

Schedule 5 - Fixed Assets

Schedule 5 - Fixed Assets												(Rupees in Lakhs)
Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION/IMPAIRMENT				NET BLOCK			
	As at 1-Apr-09	On acquisition of Subsidiary /Joint Venture	Addition during the Year	Deduction during the year	As at 31-Mar-10	As at 1-Apr-09	On acquisition of Subsidiary /Joint Venture	For the Year	Adjustments/ (Deductions)	As at 31-Mar-10	As at 31-Mar-09	
Tangible Assets:												
Freehold Land	321.69	-	219.71	52.51	488.89	-	-	-	-	-	321.69	
Lease Hold Land	854.61	-	-	827.33	27.28	0.82	-	0.81	-	1.63	853.79	
Buildings	6,575.72	-	912.15	33.05	7,454.82	1,317.41	-	200.10	(4.17)	1,513.34	5,258.31	
Plant & Machinery	10,522.85	15.24	1,630.29	593.08	11,575.30	4,602.24	0.69	739.59	(559.92)	4,782.60	5,920.61	
Air Craft	291.42	-	-	-	291.42	17.97	-	16.32	-	34.29	273.45	
Wind Energy Generators	6,010.38	-	-	-	6,010.38	825.23	-	621.47	-	1,446.70	5,185.15	
Air Conditioners & Office Equipments	2,98.25	0.66	90.44	21.45	367.90	100.50	0.09	16.87	(15.84)	101.62	1,97.75	
Furniture & Fixtures	846.42	1.42	234.15	14.98	1,067.01	360.46	0.23	60.50	(11.71)	409.48	485.96	
Vehicles	429.14	8.40	167.13	76.31	528.36	113.26	1.68	41.09	(36.47)	119.56	315.89	
Intangible Assets:												
Goodwill	29.33	58.82	-	-	88.15	29.33	-	11.76	-	41.09	-	
Technical Know-how & Licenses	1,034.81	-	33.14	11.59	1,056.36	707.62	-	95.73	(11.73)	791.62	327.18	
Total	27,214.62	84.54	3,287.01	1,630.30	28,955.87	8,074.84	2.69	1,804.24	(639.84)	9,241.93	19,139.78	
Depreciation transferred to Capital work in progress								1.32				
Grand Total	27,214.62	84.54	3,287.01	1,630.30	28,955.87	8,074.84	2.69	1,802.92	(639.84)	9,241.93	19,139.78	
Previous Year	23,268.28	-	4,033.81	87.47	27,214.62	6,452.58	-	1,637.70	(15.44)	8,074.84	19,139.78	
											16,815.70	

Notes :-

- Buildings include Five shares of Rs. 50 each fully paid in Virgo Co-operative Housing Society Limited and Five Shares of Rs. 50 each in Brij Co-operative Housing Society Limited, Sixty shares of Rs. 50 each in Tripura Lok Dhara Co-operative Housing Society Limited, Twenty shares of Rs. 50 each in Nandi Lok Dhara Co-operative Housing Society Limited, Thirty shares of Rs. 50 each in Saket Towers Co-operative Housing Society Limited, Thirty Five shares of Rs. 50 each in Saket Co-operative Housing Society Limited and Rs. 700 paid towards Share Application money for Housing Society.
- Air Craft amounting to Rs. 291.42 lakh, Office Equipment amounting to Rs. 0.01 lakh, Computers amounting to Rs. 0.15 lakh and Vehicles amounting to Rs. 2.71 lakh are Assets jointly owned by Company.
- Addition/Deduction to Gross block include net gain of Rs. 0.66 lakh (Previous year Nil) and Adjustments /Deductions is net of loss of Rs. 0.04 lakh (Previous year Nil) on account of translation of fixed assets and depreciation to date respectively of foreign subsidiary/joint ventures, the effect of which is considered in foreign currency translation reserve.

Schedules forming part of the consolidated accounts as at 31st March 2010

(Rupees in Lakhs)

	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 6 - INVESTMENTS (at cost) (Long Term)		
1. Non Trade		
In Government Securities		
National Saving Certificates (held in the name of employee and deposited with Government Department)	0.50	0.39
Others		
A. Quoted:		
a) 22,524 (22,524) Equity Shares of Rs. 10 each fully paid up in Andhra Bank Limited	20.27	20.27
b) 9,172 (9,172) Equity Shares of Rs. 10 each fully paid up in Union Bank of India	10.09	10.09
c) 9,572 (9,572) Equity Shares of Rs. 10 each fully paid up in Bombay Rayon Fashions Limited	6.70	6.70
d) 3,600 (3,600) Equity Shares of Rs. 10 each fully paid up in Morarka Finance Limited	0.36	0.36
e) 100,437 (100,437) Equity Shares of Rs. 10 each fully paid up in Dena Bank Limited	27.48	27.48
f) 5,000 (5,000) Equity Shares of Rs. 2 each fully paid up in Cipla Limited	6.12	6.12
g) 1,200 (1,200) Equity Shares of Rs. 10 each in Development Credit Bank Limited	0.18	0.18
h) Nil (100) Upper Tier II Bonds Series IX of Dena Bank of Rs. 1,000,000 each	-	1,000.00
i) Nil (8,000) Equity Shares of Rs. 2 each fully paid up in Matrix Labs Limited (Aggregate Market Value Rs. 168.31 lakh, Previous Year Rs. 976.49 lakh)	-	19.23
B. Unquoted:		
i) 1,667 (1,667) Equity Shares of Rs. 10 each of Cozy Properties Private Limited	116.76	116.76
ii) 8,346 (Nil) Non-Cumulative Preference Shares of Rs. 10 each of Cozy Properties Private Limited	834.60	-
iii) 2,000 (Nil) Equity Shares of Ribhoi Engineering Company Pvt. Ltd.	0.10	-
2. Trade (Unquoted)		
Investment (Others)		
1,500,000 (1,500,000) Nos. of Preferred Stock of US\$ 1 each of Signet Solar Inc.	676.95	765.30
	1,700.11	1,972.88

Movement in Investments during the year

Scrip Name	Nos.	Purchase Value	Sales Value
LIC MF Liquid Fund - Dividend Plan	3 6,429,540.72	4,000.00	4,000.00
LIC MF Saving Plus Fund - Daily Dividend Plan	4 0,004,542.14	4,000.45	4,000.45
HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvest	32,626,959.66	4,000.00	4,000.00
HDFC Cash Management Fund - Treasury Advantage	39,878,623.84	4,000.42	4,000.42
Plan-Wholesale - Daily Dividend			

Schedules forming part of the consolidated accounts as at 31st March 2010

(Rupees in Lakhs)

	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
(As taken, valued and certified by Management)		
Store, Spares and Packing Material	80.05	39.70
Raw Materials	7,973.82	11,001.54
Work-in-progress	5,997.34	6,521.28
Stock in Transit	1,207.24	-
	<u>15,258.45</u>	<u>17,562.52</u>
SUNDRY DEBTORS		
<i>Secured and considered good:</i>		
- Debts outstanding over six months	-	-
- Other Debts	2,792.36	765.72
<i>Unsecured and considered good:</i>		
- Debts outstanding over six months	14,179.68	13,533.31
- Other Debts	30,774.88	32,698.79
	<u>47,746.92</u>	<u>46,997.82</u>
CASH AND BANK BALANCES		
Cash in hand (including Cheques on Hand)	881.85	2,458.73
<i>Balance with Scheduled Banks:</i>		
In Current Accounts	195.59	172.47
In Fixed Deposit	16,671.94	10,236.62
In Margin Money & Lien	29.00	15.00
<i>Balance with Others:</i>		
In Current Accounts	46.73	68.18
	<u>17,825.11</u>	<u>12,951.00</u>
OTHER CURRENT ASSETS		
Contract Revenue in Excess of Billing	686.32	412.63
	<u>686.32</u>	<u>412.63</u>
LOANS AND ADVANCES:		
<i>Secured and considered good:</i>		
Advances recoverable in cash or in kind or for value to be received	2.48	3.69
<i>Unsecured and considered good:</i>		
Advances recoverable in cash or in kind or for value to be received	13,392.00	8,161.75
Share Application Money	-	190.56
Other Deposits	6,184.93	8,296.32
[includes deposits with parties which are related to Directors, Rs. 100 lakh (Previous Year Rs. 100 lakh), maximum amount outstanding during the year Rs. 100 lakh (Previous Year Rs. 100 lakh)]		
Inter corporate Deposits	684.61	519.81
Income Tax (Net of Provision)	309.22	93.48
Balances with Excise Authorities	1,793.88	2,282.13
Other Advances	481.96	286.74
	<u>22,849.08</u>	<u>19,834.48</u>
TOTAL CURRENT ASSETS	<u>104,365.88</u>	<u>97,758.45</u>

Schedules forming part of the consolidated accounts as at 31st March 2010

	(Rupees in Lakhs)	
	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 8 - CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES :		
Sundry Creditors and Other Liabilities:		
Due to Micro, Medium and Small Scale Industries	13.77	23.85
Bills Payable	8,214.91	16,167.65
Others	22,452.51	22,659.58
Advances against orders	4,125.16	2,292.04
Billing In Excess of Contract Revenue	1,207.07	840.81
Interest accrued but not due	46.48	41.06
Investor Education and Protection Fund shall be credited by following amounts when due:		
Unclaimed Dividends	7.68	5.12
	<u>36,067.58</u>	<u>42,030.11</u>
B. PROVISIONS :		
Proposed Dividend	866.98	823.72
Tax on Dividend	147.34	139.99
	<u>1,014.32</u>	<u>963.71</u>
TOTAL CURRENT LIABILITIES	<u>37,081.90</u>	<u>42,993.82</u>

Schedules forming part of the consolidated accounts for the year ended 31st March 2010

	(Rupees in Lakhs)	
	For the Year ended 31-Mar-10	For the Year ended 31-Mar-09
SCHEDULE 9 - OTHER INCOME		
OTHER INCOME:		
Extraordinary Item (See Note No. 8 of Schedule 14)	12,734.71	-
Dividend	9.46	2.98
Profit on Sale of Investments (Net)	20.75	-
Miscellaneous Receipts	36.41	2.80
	<u>12,801.33</u>	<u>5.78</u>
SCHEDULE 10 - MATERIALS		
OPENING STOCK:		
Raw Material	11,003.18	9,330.32
Work-in-progress	6,521.28	4,079.40
	<u>17,524.46</u>	<u>13,409.72</u>
Purchases and Related Charges	72,133.19	77,970.83
	<u>89,657.65</u>	<u>91,380.55</u>
LESS:		
CLOSING STOCK:		
Raw Material	7,973.82	11,001.54
Work-in-progress	5,997.34	6,521.28
Stock in Transit	1,207.24	-
	<u>15,178.40</u>	<u>17,522.82</u>
	<u>74,479.25</u>	<u>73,857.73</u>

Schedules forming part of the consolidated accounts for the year ended 31st March 2010

	(Rupees in Lakhs)	
	For the Year ended 31-Mar-10	For the Year ended 31-Mar-09
SCHEDULE 11 - EMPLOYEE COST		
Employees Remuneration and Benefits:		
Salaries, Wages and Bonus	5,037.90	3,801.64
Contribution to Provident and Other Funds	266.86	231.89
Workmen and Staff Welfare expenses	151.56	107.57
	<u>5,456.32</u>	<u>4,141.10</u>
SCHEDULE 12 - OTHER EXPENSES		
Stores and Spares consumed	190.54	184.59
Power and Fuel	555.44	450.35
<i>Repairs and Maintenance:</i>		
Buildings	94.20	90.12
Plant and Machinery	227.27	62.00
Others	141.19	89.76
	<u>462.66</u>	<u>241.88</u>
Rent and Compensation	129.97	99.16
Rates and Taxes	61.20	83.03
Insurance Charges (Net)	217.53	234.59
Travelling and Conveyance	956.47	782.27
Freight (Net)	228.12	512.17
Advertisement	34.29	105.91
Commission on Sales	1,162.28	987.21
Sales Promotion Expenses	319.73	139.96
Legal and Professional fees	921.93	701.19
Postage, Telephone and Fax	153.85	119.70
Printing and Stationery	81.94	81.01
Vehicle Expenses	93.81	73.59
Directors' Sitting Fees	3.03	1.04
Membership and Subscription	29.62	12.11
Bank charges, Guarantee Commission and Other charges	704.15	1,232.84
Loss on sale of Investments	-	0.06
Loss on Disposal of Fixed Assets (Net)	76.51	28.85
Warranty and after sales expenses	264.82	248.08
Donation	38.76	74.47
Miscellaneous Expenses	93.33	145.09
Staff Training and Recruitment	128.67	137.71
Security Charges	165.45	125.90
Sundry Balances Written Off (Net)	57.53	293.92
Testing Charges	45.58	36.61
Foreign Exchange Fluctuation	56.00	786.28
	<u>7,233.21</u>	<u>7,919.57</u>
SCHEDULE 13 - INTEREST EXPENSES		
On Debentures	623.29	167.81
On Term Loans	785.17	733.21
On Working Capital	2,522.42	3,707.12
To Others	608.08	104.16
	<u>4,538.96</u>	<u>4,712.30</u>
Less:		
Interest from bank and others	547.15	561.75
[Tax Deducted at Source Rs.32.76 lakh (Rs. 71.21 lakh)]		
	<u>3,991.81</u>	<u>4,150.55</u>

Schedules forming part of the consolidated accounts as at 31st March 2010

SCHEDULE 14 - NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. Significant Accounting Policies:

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The significant accounting policies are as follows:

A. Basis of Accounting:

- (i) The financial statements of the subsidiaries and joint ventures used in the consolidation are drawn up to the same reporting date as that of the Parent Company, i.e. year ended 31st March 2010.
- (ii) The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of the Parent Company, the Subsidiary Companies and the Joint Venture Companies have been prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.

B. Principles of Consolidation:

- (i) The consolidated financial statements include the financial statement of EMCO Limited (the "Company"), the parent Company and all its subsidiaries and Joint Ventures (collectively referred to as the "EMCO Group");
The consolidated financial statements have been prepared on the following basis:

Subsidiaries

- a) The financial statements of the Subsidiary Companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits and losses, if any.
- b) In case of foreign subsidiaries, being non-integral foreign operations, the assets and liabilities are translated at the closing rate and the revenue items are consolidated at the average rates prevailing during the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- c) The excess of cost to the Company of its investments, if any in the Subsidiary over the Company's portion of equity of the Subsidiary is recognised in the financial statements as Goodwill, which is amortised over a period of five years.
- d) The excess, if any of Company's portion of equity of the Subsidiary as at the date of its investment is treated as Capital Reserve.
- e) Minority interest in the Net Assets of consolidated Subsidiary consist of:
 1. the amount of equity attributable to minority shareholders at the date on which investment in a Subsidiary is made; and
 2. the minority shareholders' share of movements in equity since, the date the Parent Subsidiary relationship came into existence.

Joint Ventures

- a) The financial statements of the Joint venture Companies have been combined using Proportionate consolidation method as stated in Accounting standard 27 "Financial Reporting of Interests in Joint Ventures". Inter-Company transactions and balances are eliminated to the extent of the Company's interest in the joint ventures. Unrealized losses are not eliminated to the extent the cost of the transferred asset cannot be recovered.
- b) In case of foreign Joint ventures, being non-integral foreign operations, the assets and liabilities are translated at the closing rate and the revenue items are consolidated at the average rates prevailing during the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.

Schedules forming part of the consolidated accounts as at 31st March 2010 (Contd.)

- c) The excess of cost to the ventures of its interest in a jointly controlled entity over its share of net assets of the jointly controlled entity, at the date on which interest in the jointly controlled entity was acquired, is recognised in the financial statements as Goodwill, which is amortised over a period of five years.
- d) The excess, if any of share of the jointly controlled entity's portion of net asset as at the date on which interest in the jointly controlled entity was acquired, is treated as Capital Reserve.
- e) As far as possible, the consolidated financial statements prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

(II) Description of the EMCO Group:

The Group Subsidiaries, Step Down Subsidiaries and Joint Ventures are set out below:

Name of the Company	Country of Incorporation	Proportion of ownership interest either directly or through subsidiary as at 31st March 2010
Subsidiaries		
EMCO Power Limited	India	100%
EMCO Power Infrastructure Limited (From 09th December 2009)	India	100%
EMCO Overseas Pte. Limited	Singapore	100%
EMCO Infrastructure Limited (Formerly known as Warora Power Company Limited)	India	100%
East West Power Generation Company Limited	India	100%
EMCO Edison Transformer (Pty) Ltd	South Africa	51%
Joint Ventures Through Subsidiary		
Shyam EMCO Infrastructure Limited (From 06th October 2009)	India	50%
Rabaan (S) Pte. Ltd	Singapore	37.35%
PT Vardhaman Mining Services (From 27th July 2009)	Indonesia	37.35%
PT Vardhaman Logistics	Indonesia	21%

C. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent amounts as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively when revised.

D. Fixed Assets / Capital Work in Progress:

Expenditure, which is of capital nature, is capitalised. Such expenditure includes purchase price, import duties, levies, and attributable cost of bringing the asset to its operating condition. The assets acquired on Hire Purchase basis have been capitalised at the gross value and interest thereon is charged to Profit and Loss Account. Projects under commissioning and other Capital Work-in-Progress are carried at costs, comprising direct cost, related incidental expenses and interest on borrowings.

Schedules forming part of the consolidated accounts as at 31st March 2010 (Contd.)

E. Depreciation / Amortisation:

a) Indian Companies:-

I. Tangible Assets

Depreciation has been calculated in accordance with Section 205(2)(b) of The Companies Act, 1956, as under:

- a. The depreciation is provided from the date the assets are put to use, on straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, except following Assets which are depreciated over period of its estimated useful life:

Asset	Estimated useful life
i) Porta Cabin	5 Years
ii) Form Box	5 Years
iii) Templates	5 Years

In one of the Joint Ventures, depreciation is calculated on written down value basis. The depreciation charge in respect of said Joint Venture is not significant in the context of the Consolidated Financial Statements.

- b. The Company provides 100% depreciation on fixed assets with value less than or equal to Rs. 5,000 as per the provisions of Schedule XIV of the Companies Act 1956.

II. Intangible Assets

- a. These are amortised over their useful life, not exceeding five years.
- b. Deferred Revenue Expenditure is written off in the year of expenditure.

III. Leasehold land, which are given by Central/State Government authorities are not amortised in view of the long tenure of the lease.

b) Foreign Companies:

In case of foreign companies, depreciation on fixed assets has been provided at the rates required / permissible by the GAAPs of the respective countries and such depreciation rates are higher than the rates specified in the Schedule XIV to the Companies Act, 1956.

F. Investments:

Long term investments are stated at cost less permanent diminution in value, if any.

G. Valuation of Inventories:

Raw Materials, Stock in Process, Stores and Spares are valued at cost and net of credits under the scheme of Cenvat Rules and VAT Rules. Finished goods are valued at cost, or Market Value / Contract Price, whichever is less. Cost is determined on a weighted average basis.

H. Revenue Recognition:

- I. Sales are inclusive of Excise Duty, Duty Drawback but net of Sales Tax, Returns, Trade Discounts and incentives.
- II. Excise Duty on manufactured goods is accounted at the time of their clearance from the factory.
- III. Revenue from long term contracts are recognized on the percentage of completion method, in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen.
- IV. Dividend Income is recognised when the right to receive dividend is established. Interest Income is recognized on time proportion basis.

Schedules forming part of the consolidated accounts as at 31st March 2010 (Contd.)

I. Foreign Exchange Transactions:

Foreign Currency transactions are recorded at exchange rates prevailing on the date of respective transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates. The differences in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuation.

Gain or loss on restatement of forward exchange contracts for hedging underlying outstanding at the balance sheet date are recognised in the profit and loss account for the year in which it occurs. The premium or discount on such contracts is recognised in the profit and loss account over the period of the contract.

Gain or loss on fair valuation of forward exchange contracts and embedded derivative contracts for hedging highly forecasted transaction are recognised in the profit and loss account for the year in which it occurs.

J. Derivative instruments (Commodity derivatives):

In order to hedge its exposure to commodity price risk, the Company enters into non speculative hedges, such as forward, option or swap contracts and other appropriate derivative instruments. These instruments are used only for the purpose of managing the exposure to commodity price risk and not for speculative purposes. The premium and gains/losses arising from settled derivative contracts, and mark to market (MTM) losses in respect of outstanding derivative contracts as at balance sheet date are credited for gains or charged for losses to the raw material consumed in so far as it relates to the derivative instruments taken to hedge risk of movement in price of Raw Material, the net MTM gains in respect of outstanding derivatives contracts are not recognized on conservative basis.

K. Export Obligations / Entitlements / Incentives:

Benefit/(Obligation) on account of entitlement on export or deemed export orders, to import duty-free raw materials, under the various Exim Schemes are estimated and accounted in the year in which the export/deemed export orders are executed.

L. Employee Benefits:

Contributions to the recognised Provident Fund, Gratuity Fund and provision for other long term employee benefits- leave, defined benefit schemes, are made on the basis of actuarial valuations made at the end of each financial year are charged to the profit and loss account during the year.

Actuarial gains and losses are recognised immediately in the profit and loss account.

M. Operating Lease:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

N. Stock Based Compensation:

In accordance with the Employee Stock Option Scheme (ESOS), the Company recognises the excess, if any, of the market price of the options granted as on the date of the grant over the exercise price of the options, and amortises it on a straight-line basis over the vesting period.

Schedules forming part of the consolidated accounts as at 31st March 2010 (Contd.)

O. Taxation:

- a. Provision for Income Tax is made under the liability method after availing exemptions and deductions at the rates applicable under the Income Tax Act, 1961.
- b. Deferred tax resulting from timing difference between book and tax profits is accounted for using the tax rates and laws that have been enacted as on the Balance Sheet Date.
- c. Deferred tax assets arising on the temporary timing differences are recognised only if there is reasonable certainty of realisation.

P. Impairment of Fixed Assets:

The carrying amount of assets is reviewed periodically for any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

Q. Borrowing Costs:

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and other borrowing costs are charged to the Profit & Loss Account.

R. Provisions for contingencies:

A provision is recognised when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits which will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company provides for warranty cost based on a technical estimate of the costs required to be incurred for repairs, replacement, material cost, servicing and past experience in respect of warranty costs. It is expected that this expenditure will be incurred over the contractual warranty period.

S. Research & Development:

All revenue expenses pertaining to research and development are charged to the profit and loss account in the year in which they are incurred and expenditure of capital nature is capitalised as fixed assets and depreciated as per the Company's policy.

Schedules forming part of the consolidated accounts as at 31st March 2010 (Contd.)

2. Contingent Liabilities not provided for in respect of:

Sl. No.	Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
a)	Bank Guarantees outstanding as at the year end (Gross) - (Secured)	70,420.10	60,012.79
b)	Bank Guarantees outstanding as at the year end (Gross) - (Secured) Given for erstwhile Subsidiary, EMCO Energy Limited (Subsidiary upto 24th July 2009)	60.63	60.63
c)	Letters of Credit outstanding (Net) as at the year end (Secured)	8,583.42	6,286.01
d)	Guarantee given for Subsidiary Company	5,415.60	NIL
e)	Disputed amount of Sales Tax in respect of which appeals have been filed.	31.02	88.11
f)	Claims made by workmen for re-instatement. Matters Subjudice.	Amount not ascertainable	
g)	Disputed amount of Income Tax in respect of which rectification has been filed.	357.78	425.88
h)	Disputed amount of Excise duty and Service tax in respect of which the Company is in appeal.	1,847.69	1,341.13
i)	Claim of about Rs. 39.26 lakh (Rs. 26.42 lakh) by suppliers against the Company. The matter is Subjudice.		
j)	A Suit of Rs.107 lakh (Rs.107 lakh) filed by a Sub-Contractor against the Company, proceeding is pending before Sole Arbitrator.		
k)	Summary suit of Rs.10.13 lakh (Rs.10.13 lakh) filed by one supplier against the Company. The matter is Subjudice.		
l)	Claim filed against the Company for compensation not acknowledged as debt Rs.27.36lakh (Rs.113.53lakh).		

3. The Company has filed a suit against one customer claiming damages of Rs. 110.91 lakh (Rs.110.91 lakh) and also filed a suit for an order restraining invocation of bank guarantee amounting to Rs. 8.50 lakh (Rs. 8.50 lakh) from the customer.

4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounting to Rs.672.73 lakh (Rs. 841.61 lakh)

5. Managerial Remuneration:

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Directors' Sitting Fees	3.03	1.04
Salaries	122.53	79.99
Perquisites	54.74	29.48
Commission	437.50	500.00
TOTAL	617.80	610.51

Managerial remuneration is exclusive of provision for leave encashment and gratuity, as it is provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual figures cannot be identified.

6. Employee Stock Option Scheme (ESOS):

In accordance with the ESOS of the Company in earlier years, the employees were offered options for 213,350 equity shares (Option I), 20,000 equity shares (Option II), 4,000 equity shares (Option III), 16,500 equity shares (Option IV), 2,000 equity shares (Option V), 5,000 equity shares (Option VI), 39,500 equity shares (Option VII), and 5,500 equity shares (Option VIII) as per eligible criteria fixed under the scheme. Against each of the above option the eligible employee is entitled to acquire five equity share of Rs. 2 each of the Company at a price of Rs. 90, Rs. 126, Rs. 174, Rs. 256, Rs. 302, Rs. 185, Rs. 150, and Rs. 109 for Option I, II, III, IV, V, VI, VII and VIII respectively.

Schedules forming part of the consolidated accounts as at 31st March 2010 (Contd.)

The details of options outstanding at the beginning of the year and the options granted and options exercised during the year are given below:

Particulars of options	Price for Shares	Particulars	Outstanding at the beginning of the Year (Nos.)	Granted During the Period (Nos.)	Exercised During the Period (Nos.)	Lapsed During the Period (Nos.)	Outstanding at the end of the Year (Nos.)
I	90	Employees	282	NIL	NIL	22	260
		Shares	91,950	NIL	NIL	20,500	71,450
II	126	Directors	4	NIL	NIL	NIL	4
		Shares	20,000	NIL	NIL	NIL	20,000
III	174	Employees	1	NIL	NIL	NIL	1
		Shares	4,000	NIL	NIL	NIL	4,000
IV	256	Employees	3	NIL	NIL	NIL	3
		Shares	9,500	NIL	NIL	NIL	9,500
VII	150	Employees	29	NIL	NIL	5	24
		Shares	36,500	NIL	NIL	6,000	30,500
VIII	109	Employees	2	NIL	NIL	1	1
		Shares	5,500	NIL	NIL	5,000	500

7. Preferential Issue of Share Warrants:

Pursuant to the approval of members by way of Special Resolution passed at an Extra Ordinary General Meeting of the Company held on 22nd June 2009, the Company has allotted 6,300,000 warrants to one of the promoters who is also Chairman and Managing Director of the Company on 04th July 2009. Each warrant carries option /entitlement to subscribe to one equity share of Rs. 2 each at a premium of Rs. 60. Out of these warrants 3,090,000 warrants have been exercised and accordingly 3,090,000 equity share of Rs. 2 each at a premium of Rs. 60 were allotted on 26th March 2010.

8. Extraordinary Item:

During the year Company has sold one of its subsidiaries "EMCO Energy Limited" which was setting up power plant at Warora, Maharashtra and has net gain of Rs. 9,849.33 lakh (net of tax of Rs. 2,885.38 lakh). Being non-recurring in nature same has been treated as an Extraordinary item.

9. Earnings Per Share (EPS):

Particulars	31-Mar-10	31-Mar-09
(a) Amounts used as numerator for calculating Earnings Per Share excluding extraordinary item (Rupees in Lakhs)	2,955.79	5,238.43
(b) Amounts used as numerator for calculating Earnings Per Share including extraordinary item (Rupees in Lakhs)	12,805.12	5,238.43
(c) Weighted Number of Shares outstanding during the period used for calculating Basic Earnings Per Share	58,887,655	58,836,860
Add: Adjustment for dilutive potential equity shares	1,494,221	NIL
Weighted number of shares used for Calculating Dilutive Earnings Per Share	60,381,876	58,836,860
(d) Earnings Per Share in Rupees excluding extraordinary item (Equity Shares having face value Rs. 2)		
Basic	5.02	8.90
Diluted	4.90	8.90
(e) Earnings Per Share in Rupees including extraordinary item (Equity Shares having face value Rs. 2)		
Basic	21.74	8.90
Diluted	21.21	8.90

Schedules forming part of the consolidated accounts as at 31st March 2010 (Contd.)

10. Related Party Disclosure:

A. Related Parties with whom the Company had transactions

- i. Key Management Personnel and their Relatives:
 - Mr. Rajesh S. Jain
 - Mr. Shailesh S. Jain
 - Mr. R. S. Shah
 - Ms. Meenakshi Jain
 - Ms. Ratna S. Jain
- ii. Entities where Key Management Personnel have Significant Influence:
 - Purna Properties and Investments Private Limited
 - EMCO Foundation
 - EMCO Power Quality Solutions Limited
- iii. Joint Ventures:
 - PT Vardhaman Mining Services
 - Rabaan (s) Pte. Limited
 - Shyam EMCO Infrastructure Limited
- iv. Association of Person:
 - Arki Aviation

B. Transactions during the Year with related parties mentioned Above:

Nature of Relationship	Nature of Transaction	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Key Management Personnel and their relatives	Remuneration paid	As disclosed in Note 5 of Schedule 14	
	Consultant Fees	5.93	12.00
	Salary Paid	17.43	NIL
	Rent Expense	28.48	23.13
Entities where Key Management Personnel have Significant Influence	Rent Income	0.40	0.27
	Expenses incurred and recovered	2.89	2.41
	Donation	25.00	64.00
Joint Venture	Advance Given	1,473.20	NIL
	Advance Received Back	7.90	NIL
Association of Person	Advance Given	15.00	NIL
	Investment in Association of Person	NIL	294.29
	Share of Flying and Maintenance Expenses	52.21	35.45
	Deposit Given	NIL	4.16

C. Balance Outstanding at the Year-end with Related Parties mentioned above:

Nature of Relationship	Nature of Transaction	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Key Management Personnel and their relatives	Deposit given	100.00	100.00
Joint Venture	Advance Given	1,473.20	NIL
Association of Person	Payable to AOP	60.12	7.91
	Advance Given	15.00	NIL

Schedules forming part of the consolidated accounts as at 31st March 2010 (Contd.)

11. Segment Reporting:

The Group has only one reportable segment, i.e. Transmission and Distribution Segment within the Power Sector.

12. Disclosure as required by Accounting Standard 19 'Leases':

Operating Lease

- The Company's significant leasing arrangements are in respect of residential flats, office premises taken on lease. The arrangements are generally from 1 month to 60 months. Under these agreements, generally refundable interest-free deposits have been given. In respect of above arrangements, lease rentals payable are recognised in the Profit and Loss Account for the year and included under Rent and Compensation (Disclosed under Schedule 12). Total of Minimum lease payment for a period:-

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Not later than one year	20.73	12.41
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL

- Commercial / residential premises have been given on operating lease having original cost of Rs. 22.42 lakh (Rs.3.16 lakh) and accumulated depreciation of Rs. 4.75 lakh (Rs. 1.60 lakh) as at 31st March 2010. Depreciation on the above assets for the current year is Rs. 0.37 lakh (Rs. 0.05 lakh). In respect of the above arrangements, lease rent also receivable are recognised in the Profit and Loss Account for the year and included under Other Income.
- The initial direct costs in respect of operating leases are recognised in the Profit and Loss Account.

13. Payment to Auditors' (Net of Service Tax):

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Audit Fees	39.90	26.53
Tax Audit Fees	3.00	3.00
Certification and other matter	27.35	3.71
Out of pocket expenses	0.09	0.11

14. Disclosure under Accounting Standard-7 'Construction Contracts':

Particulars	31-Mar-10 (Rupees In Lakhs)	31-Mar-09 (Rupees In Lakhs)
Contract revenue recognized as revenue for the year ended 31st March.	51,049.75	39,347.16
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to 31st March for all the contracts in progress.	94,552.79	53,048.27
The amount of customer advances outstanding for contracts in progress as at 31st March.	772.41	243.14
The amounts of retentions due from customers for contracts in progress as at 31st March.	10,045.43	9,250.76

15. Research and Development:

Company has incurred total expenditure of Rs. 183.93 lakh (Rs. 185.33 lakh) on Research and Development activities.

16. Balances of Sundry Debtors, Sundry Creditors, Loans and Advances and other balances are as per books of accounts and subject to confirmation and reconciliation, if any.

Schedules forming part of the consolidated accounts as at 31st March 2010 (Contd.)

17. Other notes are, as set out in the notes forming part of the accounts under respective schedules of each Company.
18. Figures of previous year have been regrouped/rearranged, wherever necessary, to conform to those of the current year.

As per our report of even date

For P. RAJ & CO.

Chartered Accountants

P. S. Shah

Proprietor

Membership No. 44611

Firm Registration No. 108310W

Mumbai, 26th May 2010

For and on behalf of Board

R.S. Jain

Chairman

S.S. Jain

Vice Chairman

A.K. Dhagat

Managing Director

T.N.V. Ayyar

Director

Sunil Rustagi

Chief Financial Officer

Thane, 26th May 2010

Praveen Kumar

Company Secretary

Statement pursuant to section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of Subsidiary	EMCO Power Infrastructure Limited	EMCO Power Limited	EMCO Infrastructure Limited (Subsidiary of EMCO Power Limited) (Previously known as Warora Power Company Limited)	East West Power Generation Company Limited (Subsidiary of EMCO Power Limited)	EMCO Overseas Pte. Limited	EMCO Edison Transformer Pty Limited (Subsidiary of EMCO Overseas Pte Limited)
The Financial Year Of the Subsidiary Company ended on	31-Mar-2010	31-Mar-2010	31-Mar-2010	31-Mar-2010	31-Mar-2010	31-Mar-2010
Date from which they became Subsidiary Company	9th December 2009	15th May 2008	14th May 2008	14th May 2008	31st January 2008	5th May 2008
a) No. of equity shares held by EMCO Limited either directly or through subsidiaries or Nominees	50,000 Equity Shares of face value of Rs.10 each fully paid up	50,000 Equity Shares of face value of Rs.10 each fully paid up	50,000 Equity Shares of face value of Rs.10 each fully paid up	50,000 Equity Shares of face value of Rs.10 each fully paid up	10 Ordinary Shares of face value SGD 1 each fully paid up	510 Ordinary Shares of ZAR 1 each fully paid up
b) Extent of interest in the Capital of the Subsidiary	100%	100%	100%	100%	100%	51%
The net aggregate amount of Profit/(Loss) of the Subsidiary so far as it concerns the Member of the Company:						
a) Dealt With in the accounts of the Company :						
i. For the year ended on 31st March 2010 (INR)	NIL	NIL	NIL	NIL	NIL	NIL
ii. For the previous financial years since it become subsidiary (INR)	NIL	NIL	NIL	NIL	NIL	NIL
b) Not Dealt With in the accounts of the Company :						
i. For the year ended on 31st March 2010 (INR)	NIL	NIL	NIL	NIL	"Rs. (374.37) lakh"	"Rs. (78.65) lakh"
ii. For the previous financial years since it become subsidiary (INR)	NIL	NIL	NIL	NIL	"Rs. (24.91) lakh"	"Rs. (56.17) lakh"
Material changes between the end of the financial year of the Subsidiary Company and the Company's financial year ended on 31st March 2010						
a) Fixed Assets (INR)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
b) Investments (INR)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
c) Money Lent (INR)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
d) Money borrowed other than those for meeting Current Liabilities (INR)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

For and on behalf of Board

R. S. Jain
Chairman

S. S. Jain
Vice Chairman

A.K. Dhagat
Managing Director

T. N. V. Ayyar
Director

Sunil Rustagi
Chief Financial Officer

Praveen Kumar
Company Secretary

Thane, 26th May 2010

Statement pursuant to exemption received under section 212(8) of the Companies Act, 1956 relating to subsidiary companies

Particulars	EMCO Power Infrastructure Limited	EMCO Power Limited	EMCO Infrastructure Limited (Subsidiary of EMCO Power Limited) (Previously known as Warora Power Company Limited)	East West Power Generation Company Limited (Subsidiary of EMCO Power Limited)	EMCO Overseas Pte. Limited	EMCO Edison Transformer Pty Limited (Subsidiary of EMCO Overseas Pte Limited)
Financial year ending on	31-Mar-2010	31-Mar-2010	31-Mar-2010	31-Mar-2010	31-Mar-2010	31-Mar-2010
Reporting Currency	INR	INR	INR	INR	USD	ZAR
Exchange Rate In INR as on 31st March 2010	1	1	1	1	45.13	6.16
1 Capital	5.00	5.00	5.00	5.00	0.003	0.06
2 Reserves	-	-	-	-	(373.09)	(285.35)
3 Total Assets	5.06	382.48	5.06	5.06	8,469.93	4.82
4 Total Liabilities	0.06	377.48	0.06	0.06	8,843.02	2,90.11
5 Investments (Other than in Subsidiaries)	-	7.00	-	-	896.02	-
6 Turnover	-	-	-	-	-	-
7 Profit Before Taxation	-	-	-	-	(374.37)	(154.22)
8 Profit After Taxation	-	-	-	-	(374.37)	(154.22)
9 Provision For Tax	-	-	-	-	-	-
10 Proposed Dividend	-	-	-	-	-	-

For and on behalf of Board

R. S. Jain
Chairman

S. S. Jain
Vice Chairman

A.K. Dhagat
Managing Director

T. N. V. Ayyar
Director

Sunil Rustagi
Chief Financial Officer

Praveen Kumar
Company Secretary

Thane, 26th May 2010



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