

Pioneers in Induction Heating & Hardening



# **EMA INDIA LIMITED**

***Annual Report 2008-2009***



# EMA India Limited

## BOARD OF DIRECTORS

P. K. BHARGAVA, *Chairman & Managing Director*  
RANJANA BHARGAVA, *Whole Time Director*  
ALOK NAGORY  
DR. G. N. MATHUR  
DR. ATUL KAPOOR  
RAKSHITA BHARGAVA  
KRISHNA DAS GUPTA (IRS - Retired)



ISO 9001 : 2000  
Reg. No.: RQ91/2857

## STATUTORY AUDITORS

B. C. JAIN & CO.  
Chartered Accountants  
KANPUR-208 001

## BANKERS

BANK OF BARODA  
Upton Estate  
Panki Industrial Area  
Panki Site I  
KANPUR-208 022

## IN COOPERATION WITH

EMA INDUTEC GmbH  
Petersberg Strasse 9  
D-74909, Meckesheim  
GERMANY

## REGISTERED OFFICE & WORKS

C-37, Panki Industrial Area  
P.O. Udyog Nagar  
KANPUR-208 022

## REGISTRAR & SHARE TRANSFER AGENT

M/s. Alankit Assignments Ltd.  
Alankit House  
2E/21, Jhandewalan Extension  
NEW DELHI-110 055

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## NOTICE

NOTICE is hereby given that the 38<sup>th</sup> Annual General Meeting of Shareholders of EMA INDIA LIMITED will be held at the Registered Office of the Company at C-37, Panki Industrial Area, P.O. Udyog Nagar, Kanpur-208 022 on Wednesday, 30th September, 2009 at 11.00 A.M. to transact the following business :-

### ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Alok Nagory who retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modification(s), the following resolution as ordinary resolution :  
"RESOLVED THAT Mr. Krishna Das Gupta who holds the office of the Director upto the date of this meeting U/s 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To consider and if thought fit to pass with or without modification(s), the following resolution as ordinary resolution :  
"RESOLVED THAT pursuant to Section 198, 269 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (as amended or to be amended from time to time) read with Article 121 of the Article of Association of the Company, Mr. P.K. Bhargava be and is hereby re-appointed as Chairman & Managing Director of the Company for a period of 3 years w.e.f. 1st June, 2008 on remuneration and perquisites as set out in the Explanatory Statement appended to the Notice convening this Annual General Meeting."

Place : Kanpur  
Date : 30.07.2009

By Order of the Board  
**P. K. BHARGAVA**  
Chairman & Managing Director

### NOTES :

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies in order to be effective should be duly stamped, completed and signed and must reach at the Registered Office of the Company not less than forty eight hours before the time for holding the Annual General Meeting.

- b) Members / Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
- c) The Register of Members of the Company will remain closed from 22.09.2009 to 30.09.2009 (both days inclusive).
- d) Members holding shares in physical form are requested to send request for any change in their address immediately to the Company quoting their Folio Nos. and send the details of their Bank Accounts compulsorily. Members holding shares in Demat form are requested to send the details of change of their address etc. to their concerned Depository Participants. No direct request from the beneficiaries holding shares in Demat form will be entertained by the Company.



- e) Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred final dividend for the financial year ended 31.03.2001 remaining unclaimed for a period of seven years from the date, it first became due for payment, to the **INVESTOR EDUCATION AND PROTECTION FUND (IEPF)** constituted by the Central Government and no claim shall lie against the IEPF or the Company in respect of individual amount(s) so credited to the IEPF

The details of the amount of Unpaid dividends due for transfer to the Investor Education & Protection Fund are as under :

Financial year ended	Date of Declaration of Dividend	Due date for transfer to IEP Fund
31.03.2002	26.09.2002	22.11.2009
31.03.2003	27.09.2003	18.11.2010
31.03.2004	16.09.2004	08.11.2011
31.03.2005	22.11.2006	14.12.2013
31.03.2006	22.11.2006	14.12.2013
31.03.2007	28.09.2007	24.10.2014

**As per the provisions of the Companies Act, 1956, no claim shall be admissible against money transferred to Investor Education and Protection Fund. Hence, Shareholders whose dividend remain unpaid for any of the above-mentioned financial years, should lodge their claims with the Company before the due date of transfer of amount of unpaid dividend to Investor Education and Protection Fund.**

- f) *Shareholders who have yet not availed of Electronic Clearing (ECS) facility for receipt of dividend by direct credit to their Bank Accounts are requested to avail this facility to prevent postal loss or any other kind of fraud or embezzlement with their dividend warrant. The shareholders, desiring to do so, may fill in the form attached to this Annual Report and send it to the Company. This is required to be compulsorily done as per SEBI guidelines.*

Those, who have already sent the form, are not required to send it again.

- g) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- h) Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the meeting.

#### ANNEXURE TO NOTICE

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

##### Item No. 6

The Board of Directors of the Company at their meeting held on 25th October, 2008 had appointed Mr. Krishna Das Gupta as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 96(a) of the Article of Association of the Company to hold office till the conclusion of the ensuing Annual General Meeting. Mr. Krishna Das Gupta, (Retired IRS) is at present on Board of various Companies as well as Chairman of U.P. Stock Exchange Association and 'Quality Review Board' under the Ministry of Company Affairs. Mr. Krishna Das Gupta does not hold any shares in the Company as per details furnished by him. None of the Directors except Mr. Krishna Das Gupta himself is concerned or interested in the proposed resolution.



**Item No. 7**

Mr. P.K. Bhargava was last re-appointed as Chairman & Managing Director of the Company w.e.f. 1st June, 2005 for a term of three years which had expired on 31.05.2008. The Board has re-appointed him as the Chairman & Managing Director of the Company, subject to approval of shareholders at their Annual General Meeting. Mr. P.K. Bhargava is an Engineering Graduate having considerable experience in the Machine Tools Industry and is also well conversant with international trends. He has been the promoter director of the Company, being on the Board of the Company since its incorporation in 1971. Looking into the recent adverse business conditions and as agreed by Mr. P.K. Bhargava, the board has proposed to reappoint him w.e.f. 01.06.2008 on existing terms and conditions which are enumerated as under :

**Salary** – Rs. 1,40,000/- p.m. on annual increment of Rs. 10,000/- p.m.

**Perquisites/Allowances**

In addition to salary, the Chairman and Managing Director shall be entitled to perquisites and allowances including free furnished accommodation or house rent in lieu thereof (equivalent to 60% of Basic Salary), gas, electricity, water, furnishings, domestic help, company's car with driver, medical re-imburement and leave travel concession etc. for self and family.

Club fees including entrance life membership fees for two clubs of his choice. Personal insurance of an amount, the annual premium of which does not exceed the amount permissible under the prevailing tax laws. Provision of telephone at residence shall not be considered as perquisites.

The value of aforesaid perquisites shall not exceed the Annual Gross Salary.

For the purpose of calculation of above ceiling, the perquisites shall be valued as per Income Tax Rules wherever applicable and in the absence of such rules, they shall be valued at actual cost to the Company.

Commission shall be allowed in addition to salary and perquisites and the amount of such commission based on net profit of the Company in a particular year shall be subject to overall ceilings laid down in Sec. 198 & Sec. 309 of the Companies Act, 1956 to be allocated between the Managing Director and Whole Time Director by the Board.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites as aforesaid to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity at the rate of half month's salary for each completed year of service. One month's leave for every eleven months of service, on full pay and allowances. Un-availed leaves at the end of the year shall be encashed as per the company policy.

Subject to the applicable provisions of the Companies Act, 1956 and Schedule XIII to the Act, the remuneration, perquisites and benefits as above will be deemed to be the minimum remuneration payable to him in the event of absence or inadequacy of profits in any year comprised in the period of appointment.

Mr. P.K. Bhargava (individual) holds 49,720 equity shares in the Company as per details furnished by him. None of the Directors except Mr. P.K. Bhargava himself, Mrs. Ranjana Bhargava and Ms. Rakshita Bhargava being related to him were said to be concerned or interested in the aforesaid resolution.

The above may be treated as an abstract U/s 302 of the Companies Act, 1956.

Place : Kanpur  
Date : 30.07.2009

By Order of the Board  
**P. K. BHARGAVA**  
Chairman & Managing Director



## DIRECTORS' REPORT

### TO THE MEMBERS :

Your Directors are pleased to present the Thirty-Eighth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

### Operations :

Due to severe adverse business conditions, the Company could achieve a turnover of Rs. 62.60 million during the year 2008-09 as against Rs. 82.03 million in the previous year on which net loss recorded is Rs. 11.34 million. The current market situation can mainly be attributed to the global meltdown in demand and severe liquidity crunch. Domestic companies have put on hold all decisions of new investments & expansions etc. There is a wait & watch scenario in the market. A knee jerk reaction from all corners of the industry was to cut all capital investments. Since your Company is a manufacturer of capital equipments, it was amongst the first to feel the punch.

Until last year, there used to be delay to delivery by manufacturers but now, it is the other way around. Even customers who placed order for capital goods in the beginning of the a/c year 2008-09, have either cancelled their orders or demanded to defer order execution till next a/c year. The best way to survive in this situation was to bring down/reduce significant expenses in all areas that do not have a direct bearing on your Company's sale oriented actions. To conserve cash & improve assets utilization for financial safe guard, drastic efforts were put by the company under all possible accounting heads.

Our Company is facing a deep slowdown in order booking due to the international and domestic recession but the industry is hopeful for a turnaround soon. Effective measures are being taken by the Company by maintaining constant dialogue with foreign companies for latest technology as well as efforts are being made to develop economical, new & innovative products and explore new market by hiring the services of domestic & overseas agents and/or to join hands with some established players in the market for future growth of the Company.

### Dividend :

In view of the operational loss during the year and in order to conserve resources to meet the business requirements, your Directors do not recommend any dividend for the year under review.

### Directors :

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Alok Nagory retires from the Board by rotation and being eligible, offers himself for reappointment. Your Directors recommend for his reappointment.

### Directors' Responsibility Statement :

As required by sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors state ;

- I. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- II. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 loss of the Company for the year;
- III. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. That the Directors have prepared the Annual Accounts on a going concern basis.

### Auditors :

Messrs B.C. Jain & Co., Statutory Auditors retiring at the ensuing Annual General Meeting, having furnished the requisite certificate U/s 224 (1-B) of the Companies Act, 1956 are eligible for re-appointment.

**Secretarial Compliance Certificate :**

Pursuant to proviso to Section 383A (1) of the Companies Act, 1956, the Secretarial Compliance Certificate for the financial year 2008-09 has been obtained from the Company Secretary in Practice.

**Conservation of Energy, Technology Absorption and Foreign Earnings & outgo :**

The particulars prescribed by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the Annexure to the Report.

**Community Service :**

Your Company has continued its support to the Children with special needs of Kanpur City as its priority to contribute to social causes.

**Particulars of Employees :**

The particulars of employees as required to be reported under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended, are set out in the Annexure to the Directors' Report. However as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts excluding the aforesaid information are being sent to all the shareholders of the Company. Any shareholder desirous of obtaining such particulars may write to the Company at the Registered Office of the Company.

**Industrial Relations :**

The Board records its appreciation for sincere and hard work put in by all categories of employees despite adverse business conditions during the year under report. The industrial relations during the year under report remained cordial.

**Appreciation :**

The Directors place on record their appreciation for the co-operation and efforts of the entire work force and staff at all levels. The Board is also thankful to Bank of Baroda for their banking support and co-operation. Your Directors also express their obligation to the customers, suppliers and Business Associates of the Company for their continued valuable support and confidence. The Directors value highly Company's Shareholders for their continued faith and confidence in the management of the Company.

Place : Kanpur  
Date : 30.07.2009

On behalf of the Board  
P. K. BHARGAVA  
Chairman & Managing Director



## ANNEXURE

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

### A) CONSERVATION OF ENERGY

The operations of the Company are not energy intensive. However the Company has endeavoured to conserve energy consumption, wherever feasible.

### B) TECHNOLOGY ABSORPTION AS PER FORM-B

#### a) Research & Development (R & D)

1. Specified areas in which R & D is carried out by the Company :
  - a) Development of low cost IGBT Transistors, high frequency Generator.
  - b) Development & re-designing of cost effective induction hardening machines with computerized controls.
2. Benefits derived as a result of the above R & D :
  - a) Reduction in cost as well as introduction of low cost IGBT Generators.
  - b) With the development of new design of CNC/ PLC Induction Heating / Hardening Machines, Customer satisfaction has been achieved resulting in many more enquiries and orders.
3. Future plan of Action :
  - a) To develop Medium Frequency IGBT Convertors for Induction Heating applications to reduce costs and reduce imports.
  - b) To design and develop special purpose machines for our major customers which are similar to our existing products.
4. Expenditure on R & D
  - i) Capital : Rs. Nil
  - ii) Recurring : Rs. 3.43 lacs
  - iii) Total : Rs. 3.43 lacs
  - iv) Total R & D expenditure as a percentage of total turnover : 0.58 %

#### b) Technology Absorption, Adaptation and Innovation

1. Efforts : In respect of Induction Heating Machines, improvement and new developments in electronics systems used in our equipments are being made. Upgradation of NC/CNC control machines which is now fully commercialised. New lighter duty design hardening machines introduced with cost reduction. Successful development of low cost IGBT High Frequency Convertors.





2. Benefits : Quality and reliability improved, cost reduced, technology upgraded and delivery time reduced. Increase in business share.
3. Particulars of imported technology in last 5 years
- i) Technology Imported & Year of Import : Transistorized Convertors, other equipments and parts of Induction Heating Machines - 2004
- ii) Has technology been fully absorbed : The technology has been fully absorbed.
- iii) If not fully absorbed, reasons & future action plan. : Technology fully absorbed.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities relating to export : Export of complete CNC/PLC Induction Heating Equipments, components of Induction Heating Equipments.
- b) Initiatives taken to increase exports : The Company is always making efforts by personal visits and development of new items for Export and participating in trade fairs.
- c) Development of New Exports market : U.K., Germany, Indonesia, Brazil, Iran, U.S.A., Malaysia, Pakistan, Thailand and Turkey.
- d) Export Plan : To increase export of complete Induction Heating Equipments and Components thereof.
- e) Total Foreign Exchange
- |        | Current Year     | Previous Year     |
|--------|------------------|-------------------|
| Used   | Rs. 22.38 Lacs * | Rs. 226.02 Lacs * |
| Earned | Rs. 34.65 Lacs   | Rs. 71.21 Lacs    |

\* Including Rs. Nil (Previous year Rs. 0.69 lacs) on account of dividend remitted during the year.

Place : Kanpur  
Date : 30.07.2009

On behalf of the Board  
**P. K. BHARGAVA**  
Chairman & Managing Director



## SECRETARIAL COMPLIANCE CERTIFICATE

C I N : L27201UP1971PLC003408

Authorised Capital : Rs. 2,00,00,000/-

Paid-up Capital : Rs. 1,00,50,000/-

To The Members

**EMA INDIA LIMITED**

**C-37, Pankl Industrial Area, Kanpur**

We have examined the registers, records, books and papers of **EMA INDIA LIMITED** (Company Number L27201UP1971PLC003408) as required to be maintained under the Companies Act, 1956 (hereinafter referred to as 'the Act') and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act & the rules made thereunder.
3. The Company, being a public limited Company, comments with regard to shareholders are not required.
4. The Board of Directors duly met Four (4) times on 30.04.2008, 24.07.2008, 25.10.2008 and 31.01.2009 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed.
5. The Company has closed its Register of Members during the year under review from 20.06.2008 to 27.06.2008 after making necessary compliance.
6. The Annual general meeting for the financial year ended on 31st March, 2008 was held on 28th June, 2008 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in the Minute Book maintained for the purposes.
7. No extra ordinary meeting was held during the financial year.
8. The Company has not advanced any loans to its directors and/or persons or firms or companies referred in Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act except that the Company has entered into contracts for sale, purchase and supply of goods, materials and services at prices which are as explained by the management, for cash at prevailing market prices.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain approvals from the Board of the Directors, members or Central Government.
12. The Share Transfer Committee of Directors in its meeting has approved the issue of duplicate share certificates and necessary compliance under the applicable Act & rules have been duly complied.
13. The Company has
  - a) not made any allotment of securities during the financial year.
  - b) delivered all the certificates on their lodgement for transfer and transmission in accordance with the provisions of the Act.
  - c) not declared dividend for the year 2007-08 and accordingly no amount was deposited as dividend in a separate bank account.
  - d) deposited the unpaid dividend for the year 2000-01 which had become due for transfer into Investor Education & Protection Fund.
  - e) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was appointment of Mr. Krishna Das Gupta as additional director during the financial year.
15. During the year, Mr. Pradeep Kumar Bhargava was reappointed as Chairman & Managing Director for the term of three years in compliance with the provisions of Section 269 read with Schedule XIII to the Act.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Govt, Company Law Board, Regional Director, Registrar or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there-under.

**EMA INDIA LIMITED**



19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company had not bought back any shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/ accepted deposits including unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year except working capital limits in the ordinary course of business.
25. The Company has not made any loans or advances or given guarantees or provided securities to the other bodies corporate and consequently no register is maintained.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to the share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the year.
31. There was no prosecution initiated against or show cause notices received by the Company and also no fines and penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Place : Kanpur  
Date : 28.04.2009

Signature  
**SAKET SHARMA**  
Company Secretary  
C.P. No. : 2565

#### **Annexure A**

##### **RECORDS MAINTAINED BY THE COMPANY**

- |  |  |
|--|--|
| 1. Register of Share Transfer          | 2. Minutes of Board Meeting            |
| 3. Minutes of General Meeting          | 4. Minutes of Share Transfer Committee |
| 5. Register of Members                 | 6. Register of Directors               |
| 7. Register of Directors' Shareholding | 8. Register of Allotment               |
| 9. Scrip Register                      | 10. Register of Contracts              |
| 11. Register of Mortgage and Charges   | 12. Register of Demat                  |
| 13. Register of Common Seal            |  |

#### **Annexure B**

##### **Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31st March, 2009.**

1. Form 23AC Balance Sheet and Form 23ACA Profit & Loss A/c dated 31.03.2008 filed u/s 220 on 08.07.2008.
2. Form 66 Compliance Certificate for the year ended 31.03.2008 filed u/s 383 A on 08.07.2008.
3. Form 20B Annual Return dated 28.6.2008 filed u/s 159 on 31.07.2008.
4. Form 32 for appointment of Additional Director filed on 03.11.2008.
5. Form I for transfer of unclaimed dividend for 2000-01 filed on 18.11.2008.
6. Form 25C for reappointment of Managing Director filed on 06.02.2009.



## REPORT OF THE AUDITORS

### TO THE MEMBERS

We have audited the attached Balance Sheet of **EMA INDIA LIMITED**, Kanpur as at 31st March, 2009 and also the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 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.
2. Further to our comments in the Annexure referred to above, we report that :—
  - (a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and 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) In our opinion and based on the informations and explanations given to us, none of the Directors of the Company is, prima facie, disqualified as at 31st March, 2009 from being appointed as a director of the Company 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 given to us, the said accounts read with Significant Accounting Policies and Notes to Accounts appearing in Schedule 'H' 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, 2009;
    - (ii) in the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date; and
    - (iii) in the case of Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date.

Place : Kanpur  
Date : 28.04.2009

For B.C. JAIN & CO.  
Chartered Accountants  
**K. M. GUPTA**  
Partner  
(M. No. 70469)



**ANNEXURE TO THE AUDITORS' REPORT**  
**TO THE MEMBERS OF EMA INDIA LIMITED**  
(Referred to in Paragraph (1) of our Report of even date)

1. In respect of its fixed assets :
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) In our opinion, disposal of fixed assets have been made in normal course of business not effecting 'going concern assumption.'
2. In respect of its inventories :
  - (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion, the Company has maintained proper records of inventories. As explained to us, the discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of accounts.
3. The Company has not granted or taken any loans, secured or unsecured, to / from Companies, firms or 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 given 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 also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 :
  - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - (b) Each of these transactions have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made detailed examination of the cost records.
9. The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, E.S.I., Income Tax, Fringe Benefit Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.



10. The Company is not having accumulated losses though it has incurred cash losses during the financial year covered by our audit as well as in the previous year.
11. The Company has not taken any loan from Banks, Financial Institutions or debenture holder.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures or other investments.
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. There was no term loan outstanding during the year.
17. On the basis of our examination of the books of accounts and the informations and explanations given to us, no funds were raised on short-term/long term basis.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place : Kanpur  
Date : 28.04.2009

For B.C. JAIN & CO.  
Chartered Accountants  
**K. M. GUPTA**  
Partner  
(M. No. 70469)



## BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE No.	Rs.	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>1. SOURCES OF FUNDS</b>				
(1) Shareholders' Funds :				
(A) Share Capital	'A'	1,00,50,000		1,00,50,000
(B) Reserves and Surplus	'B'	<u>7,27,10,166</u>		<u>8,63,36,315</u>
			8,27,60,166	9,63,86,315
(2) Loan Funds :				
Secured Loan - Cash Credit Borrowings (See Schedule 'H' - Note 4)			96,74,700	65,47,321
<b>TOTAL</b>			<u><b>9,24,34,866</b></u>	<u><b>10,29,33,636</b></u>
<b>2. APPLICATION OF FUNDS</b>				
(1) Fixed Assets :	'C'			
(A) Gross Block		5,48,16,136		5,45,85,639
(B) Less : Depreciation		<u>3,12,55,196</u>		<u>3,02,66,877</u>
(C) Net Block			2,35,60,940	2,43,18,762
(2) Investments : (See Schedule 'H' Note 3)			50,80,105	25,14,959
(3) Deferred Tax Assets :				
Deferred Tax Balance (Net) (See Schedule 'H' Note 5)			53,59,693	(5,73,082)
(4) Current Assets, Loans and Advances :	'D'	6,51,87,396		9,58,43,417
Less : Current Liabilities and Provisions :	'E'	<u>78,28,573</u>		<u>2,02,41,376</u>
Net Current Assets			5,73,58,823	7,56,02,041
(5) Deferred Revenue Expenditure (Net) (See Schedule 'H' Note 6)			10,75,305	10,70,956
Significant Accounting Policies and Notes to Accounts 'H'				
<b>TOTAL</b>			<u><b>9,24,34,866</b></u>	<u><b>10,29,33,636</b></u>

As per our Report of even date attached

For **B. C. Jain & Co.**  
Chartered Accountants

**K. M. Gupta**  
Partner  
(M. No. 70469)

Place : Kanpur  
Date : 28.04.2009

**P. K. BHARGAVA**, Chairman & Managing Director  
**RANJANA BHARGAVA**, Whole Time Director

**K.D. GUPTA**, Director  
**Dr. ATUL KAPOOR**, Director  
**RAKSHITA BHARGAVA**, Director  
**ALOK NAGORY**, Director

**S. S. GOYAL**, Vice President (Finance)

**EMA INDIA LIMITED**



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE No.	Rs.	Current Year Rs.	Previous Year Rs.
<b>INCOME</b>				
Sale of Products and Other Income	'F'		5,82,15,423	7,57,43,405
<b>EXPENDITURE</b>				
Manufacturing and Other Expenses	'G'	7,32,09,429		8,43,78,727
Interest on Bank Borrowings		2,30,608		3,86,619
Depreciation	'C'	<u>18,62,101</u>		<u>20,37,951</u>
			<u>7,53,02,138</u>	<u>8,68,03,297</u>
<b>LOSS BEFORE TAX &amp; EXTRA ORDINARY ITEMS</b>			(1,70,86,715)	(1,10,59,892)
<b>PROVISION FOR TAX</b>				
Fringe Benefit Tax			(1,90,000)	(2,55,472)
Deferred Tax (Net)			59,32,775	46,32,376
Income Tax for Earlier Years			(4,500)	1,974
<b>LOSS AFTER TAX ADJUSTED FROM GENERAL RESERVE</b>			<u>(1,13,48,440)</u>	<u>(66,81,014)</u>
<b>Basic &amp; Diluted earnings per share of Rs. 10 each</b>				
(See Schedule 'H' - Note 21)			Rs. (11.29)	(6.65)

As per our Report of even date attached

For **B. C. Jain & Co.**  
Chartered Accountants

**K. M. Gupta**  
Partner  
(M. No. 70469)

Place : Kanpur  
Date : 28.04.2009

**P. K. BHARGAVA**, Chairman & Managing Director  
**RANJANA BHARGAVA**, Whole Time Director

**K.D. GUPTA**, Director  
**Dr. ATUL KAPOOR**, Director  
**RAKSHITA BHARGAVA**, Director  
**ALOK NAGORY**, Director

**S. S. GOYAL**, Vice President (Finance)

**EMA INDIA LIMITED**





## SCHEDULE 'A' - SHARE CAPITAL

Annexed to and forming part of the Balance Sheet as at 31st March, 2009

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>AUTHORISED</b>		
17,50,000 Equity Shares of Rs. 10/- each	1,75,00,000	1,75,00,000
25,000 Preference Shares of Rs. 100/- each	25,00,000	25,00,000
	<u>2,00,00,000</u>	<u>2,00,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
10,05,000 Equity Shares of Rs. 10/- each	1,00,50,000	1,00,50,000
<b>TOTAL</b>	<u>1,00,50,000</u>	<u>1,00,50,000</u>

### NOTES :

1. Of the above fully paid-up shares, 15,545 Equity Shares of Rs. 10/- each have been allotted as fully paid-up pursuant to a contract without payment being received in cash.
2. 1,89,800 Equity Shares of Rs. 10/- each have been allotted as fully paid-up by way of Bonus Shares by Capitalisation of General Reserve in the year 1981-82 and 1985-86.

## SCHEDULE 'B' - RESERVES & SURPLUS

Annexed to and forming part of the Balance Sheet as at 31st March, 2009

	Rs.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>CAPITAL RESERVE</b>			
Capital Investment Subsidy		25,00,000	25,00,000
<b>SECURITIES PREMIUM</b>			
Premium received on issue of Equity Shares		27,50,000	27,50,000
<b>GENERAL RESERVE</b>			
Balance as per last Balance Sheet	8,10,86,315		8,77,67,329
Less : Transferred from Profit & Loss Account	(1,13,48,440)		(66,81,014)
Less : Adjustment towards Additional Gratuity Contribution	<u>(22,77,709)</u>		0
(See Schedule 'H' - Note 18)		6,74,60,166	8,10,86,315
<b>TOTAL</b>		<u>7,27,10,166</u>	<u>8,63,36,315</u>



## SCHEDULE 'C' - FIXED ASSETS

Annexed to and forming part of the Balance Sheet as at 31st March, 2009

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31st March 2008 Rs.	Additions Rs.	Sale/Adjustments Rs.	As at 31st March, 2009 Rs.	As at 31st March 2008 Rs.	For the year Rs.	Adjustments Rs.	As at 31st March, 2009 Rs.	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
Land (Free-hold)	8,22,662	0	0	8,22,662	0	0	0	0	8,22,662	8,22,662
Land (Lease-hold)	90,206	0	0	90,206	32,090	1,002	0	33,092	57,114	58,116
Buildings	1,19,11,967	0	0	1,19,11,967	55,72,586	2,72,811	0	58,45,397	60,66,570	63,39,381
Plant & Machinery	3,29,95,863	15,59,158	34,000	3,45,21,021	1,93,64,205	11,55,866	3,120	2,05,16,951	1,40,04,070	1,36,31,658
Furniture, Fixtures and Equipments	49,55,942	3,500	1,17,492	48,41,950	35,34,179	1,46,285	85,681	35,94,783	12,47,167	14,21,763
Vehicles	38,08,999	0	11,80,669	26,28,330	17,63,817	2,86,137	7,84,981	12,64,973	13,63,357	20,45,182
<b>Total (Current Year)</b>	<b>5,45,85,639</b>	<b>15,62,658</b>	<b>13,32,161</b>	<b>5,48,16,136</b>	<b>3,02,66,877</b>	<b>18,62,101</b>	<b>8,73,782</b>	<b>3,12,55,196</b>	<b>2,35,60,940</b>	<b>2,43,18,762</b>
<b>Total (Previous Year)</b>	<b>5,53,40,160</b>	<b>15,44,756</b>	<b>22,99,277</b>	<b>5,45,85,639</b>	<b>3,03,60,686</b>	<b>20,37,951</b>	<b>21,31,760</b>	<b>3,02,66,877</b>	<b>2,43,18,762</b>	<b>—</b>



## SCHEDULE 'D' - CURRENT ASSETS, LOANS & ADVANCES

Annexed to and forming part of the Balance Sheet as at 31st March, 2009

	Rs.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>(A) CURRENT ASSETS</b>			
<b>Inventories</b> (As certified by the management)			
Stores and Spares		6,89,428	7,89,440
<b>Stock-in-trade :</b>			
Raw Materials and Components	3,17,20,327		3,33,55,278
Goods-in-process	73,12,570		2,86,84,615
		3,90,32,897	6,20,39,893
<b>Sundry Debtors</b> (Unsecured, Considered Good) :			
Over Six Months	36,94,486		5,81,919
Other Debts	45,95,341		1,25,36,407
		82,89,827	1,31,18,326
<b>Cash &amp; Bank Balances :</b>			
Cash, Cheques and Stamps in hand	1,15,287		2,57,588
<b>Balance with Scheduled Banks :</b>			
In Current Accounts	1,09,94,914		81,15,020
In Investor Education & Protection Fund (A/c Unpaid Dividend)	4,54,888		5,39,620
In Fixed Deposits including deposits against margin money	25,37,510		32,07,482
		1,41,02,599	1,21,19,710
<b>SUB TOTAL</b>		6,21,14,751	8,80,67,369
<b>(B) LOANS &amp; ADVANCES</b>			
(Unsecured, considered good - Unless otherwise stated)			
Advance Income Tax (See Schedule 'H' - Note No. 7)	14,32,147		17,47,079
Advances to Suppliers	1,02,388		5,61,437
Advance Excise Duty, Cess & Other Taxes	4,59,375		42,18,939
Advances recoverable in cash or in kind or for value to be received	8,00,704		9,70,562
Inter Corporate Deposit - Considered Doubtful	55,50,000		
Less : Provision for Doubtful Deposit	(55,50,000)	0	0
Security Deposits	2,78,031		2,78,031
		30,72,645	77,76,048
<b>TOTAL</b>		6,51,87,396	9,58,43,417



## SCHEDULE 'E' - CURRENT LIABILITIES & PROVISIONS

Annexed to and forming part of the Balance Sheet as at 31st March, 2009

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>CURRENT LIABILITIES</b>		
Sundry Creditors due to Micro, Small & Medium Enterprises	73,378	3,46,875
Sundry Creditors - Others	43,762	1,12,73,168
Investor Education & Protection Fund – (A/c Unpaid Dividend)	4,54,888	5,39,620
Advances from Customers	26,14,661	37,22,389
Other Liabilities	46,41,884	43,59,324
<b>TOTAL</b>	<b>78,28,573</b>	<b>2,02,41,376</b>

## SCHEDULE 'F' - SALE OF PRODUCTS AND OTHER INCOME

Annexed to and forming part of the Profit & Loss Account for the year ended on 31st March, 2009

	Rs.	Current year Rs.	Previous Year Rs.
Sale of Products	6,26,02,688		8,20,29,056
Less : Excise Duty & Cess Realised	68,12,579		1,02,08,392
<b>Sales Net of Excise Duty and Cess</b>		<b>5,57,90,109</b>	<b>7,18,20,664</b>
Technical Assistance & Process Support Charges		17,18,362	21,66,815
Dividend Received		2,45,814	5,73,584
Duty Draw Back Received		62,054	85,173
Profit on Sale of Investment		3,000	1,41,420
Interest on Deposits with Scheduled Banks (Tax deducted at source Rs. 84,637/- Previous Year Rs. 23,103/-)		2,65,574	2,39,815
Interest Received on Income Tax Refund		0	85,422
Commission Received		34,510	2,88,100
Balance no longer payable written back		0	2,46,412
Rent Received		96,000	96,000
<b>TOTAL</b>		<b>5,82,15,423</b>	<b>7,57,43,405</b>



## SCHEDULE 'G' - MANUFACTURING AND OTHER EXPENSES

Annexed to and forming part of the Profit & Loss Account for the year ended on 31st March, 2009

	Rs.	Current year Rs.	Previous Year Rs.
<b>1. RAW MATERIALS CONSUMED</b>		<b>1,84,31,916</b>	<b>5,28,04,003</b>
<b>2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>			
Salaries, Wages and Bonus etc.	1,86,21,053		2,16,57,756
Contribution to Provident and other Funds	30,82,621		36,66,068
Staff Welfare Expenses	4,12,154		6,10,053
		<b>2,21,15,828</b>	<b>2,59,33,877</b>
<b>3. OPERATIONAL AND OTHER EXPENSES</b>			
Stores and Spares Consumed	19,76,232		28,10,655
Power and Electrical Charges	19,61,681		21,84,464
Repairs to Building	82,212		55,671
Repairs to Plant and Machinery	2,18,859		3,24,100
Rent	852		74,400
Rates and Taxes	58,834		45,900
Machining Charges	4,76,510		9,45,196
Insurance	1,75,484		1,80,337
Packing, Forwarding & Freight	12,55,274		11,34,420
Travelling Expenses	12,16,204		21,98,050
Commission on Sales	1,31,307		0
<b>AUDITORS' REMUNERATION</b>			
Audit Fees	50,000		50,000
Certification Charges	0		30,000
		<b>50,000</b>	<b>80,000</b>
Loss / (Profit) on Sale / Disposal of Assets	30,746		(46,595)
Deferred Revenue Expenses Written off	2,68,827		2,14,191
Other Miscellaneous Expenses	33,46,618		52,13,686
		<b>1,12,49,640</b>	<b>1,54,14,475</b>
<b>4. DIRECTORS' SITTING FEES</b>		<b>40,000</b>	<b>46,000</b>
		<b>5,18,37,384</b>	<b>9,41,98,355</b>
<b>Add/(Less): Decrease/(Increase) in Stock</b>			
Opening Stock of Goods in Process	2,86,84,615		1,88,64,987
Less : Closing Stock of Goods in Process	73,12,570		2,86,84,615
		<b>2,13,72,045</b>	<b>(98,19,628)</b>
<b>TOTAL</b>		<b>7,32,09,429</b>	<b>8,43,78,727</b>



**SCHEDULE 'H' - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**  
**Annexed to and forming part of the Balance Sheet and Profit & Loss Account**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) SYSTEM OF ACCOUNTING**

The Financial Statements of the Company are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and Applicable Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except in respect of following where the exact quantum cannot be ascertained :

- (i) Claims lodged against and/or by the Company.
- (ii) Discounts allowed to customers on confirmation/settlement.
- (iii) Payment of Government taxes and other statutory dues except otherwise specified.

**(b) USE OF ESTIMATES**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

**(c) FIXED ASSETS**

Fixed assets are stated at cost net of tax/duty credit availed, if any, less accumulated depreciation. Cost represents cost of acquisition inclusive of inward freight and incidental expenses related to acquisition and adjustments arising from foreign exchange rate variations, if any. Intangible assets (Technical know how) are stated at cost of acquisition less accumulated amortization.

**(d) DEPRECIATION**

Leasehold Land is amortised over the period of lease. Depreciation on other Fixed Assets is provided for on straight-line method as per rates specified in Schedule XIV of the Companies Act, 1956 as amended upto date.

**(e) INVESTMENTS**

Long Term Investments are accounted for at Cost. Any decline, other than temporary, in the value of long term investment is adjusted in the carrying cost of such investment.

**(f) INVENTORIES**

Inventories are valued at lower of cost or net realisable value. Cost of raw material and components, stores & spare parts are determined on weighted average basis. Cost of material is arrived at after adjustment of, where applicable, any duty credit availed or to be availed. Goods in process are valued at direct cost. Finished goods are valued at lower of cost or net realisable value. Cost includes related overhead and excise duty payable for such goods wherever applicable.

**(g) SALES**

Revenue from sales is recognised upon despatch to customers. Sales (net of returns) are inclusive of packing charges and exchange variations arising out of export sales transactions but excluding Sales Tax/VAT.

**(h) RESEARCH AND DEVELOPMENT**

Expenditure relating to capital items is debited to fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Profit and Loss Account of the year in which they are incurred.

**(i) FOREIGN CURRENCY 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 difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognised in the profit and loss account. Exchange difference in respect of liabilities incurred to acquire fixed assets are adjusted in the cost of such fixed assets.



**(j) EMPLOYEE RETIREMENT BENEFITS**

The Company has created a Superannuation Trust Fund and the Trust has taken Group Superannuation Scheme Policy with Life Insurance Corporation of India. The Company has also created a Group Gratuity cum Life Assurance Trust Fund and the Trust has taken Group Gratuity Cash Accumulation Policy with Life Insurance Corporation of India. Company's contribution to Provident Fund & ESI are determined under the relevant scheme / statute and charged to Revenue. Short Term Liability for accumulated earned leave encashment payable to employees at the end of the year is provided for on basic salary.

**(k) BORROWING COSTS**

Borrowing cost attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**(l) DEFERRED REVENUE EXPENDITURE**

(a) The design and development cost paid is treated as Deferred Revenue Expenditure to be written off in six equal installments.

(b) Compensation paid to employees taking voluntary retirement is treated as Deferred Revenue Expenditure to be written off in five equal installments.

**(m) TAXES ON INCOME**

Provision for current tax including Fringe Benefit Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments / appeals in Company's cases. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. The effect of tax rate change is considered in the Profit & Loss Account of the respective year of change.

**(n) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liabilities (if material) are disclosed by way of Notes to Accounts. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**2. CONTINGENT LIABILITIES**

- (i) Counter guarantees given by the Company in favour of its Bankers against guarantees given by them on behalf of the Company Rs. 22,58,677/- (Previous year Rs. 1,04,48,347/-). The bank has held Rs.10,37,510/- (Previous year Rs. 32,07,482/-) as margin money against these guarantees in the form of Fixed Deposit.
- (ii) Claims against the Company for demands raised by ESI Corporation till 2001 not acknowledged as debts – Rs. 5,71,813/- (Previous year Rs. 5,71,813/-) out of which Rs.4,60,109/— (Previous year Rs. 4,60,109/-) has been deposited under protest. Further the company has also disputed the calculation of demand raised by the department. Since the ESI Corporation has not acknowledged the basis of their demand, the difference has not been deposited.
- (iii) Claim against the company for demand raised by Excise department during the year Rs.2,59,626/- (deposited under protest) not acknowledged as debts (matter sub-judice).
- (iv) Claim against the company for various labour cases filed not acknowledged as debt since the amount is not ascertainable.



### 3. INVESTMENTS :

LONG TERM	Nos. of fully paid-up Equity Shares/Units		Cost		Market Value	
	2008-2009 Nos	2007-2008 Nos	2008-2009 Rs.	2007-2008 Rs.	2008-2009 Rs.	2007-2008 Rs.
<b>Quoted :</b>						
Trade Investment :						
Standard Chartered Arbitrage Fund	2,379	2,379	24,959	24,959	24,681	24,955
HDFC High Interest Fund - Dividend	2,39,952	Nil	25,65,146	Nil	25,44,788	Nil
<b>Unquoted :</b>						
DiaTech Tools India Pvt. Ltd.	2,49,000	2,49,000	24,90,000	24,90,000	Nil	Nil
<b>TOTAL</b>			<b>50,80,105</b>	<b>25,14,959</b>		

### 4. SECURITY OF CASH CREDIT ADVANCES :

Cash Credit Advances from Bank of Baroda are secured by way of hypothecation of whole of the Company's present and future stocks of raw materials, goods-in-process, finished goods, consumable stores & spares & book debts and further secured by way of mortgage by deposit of the title deeds in respect of Company's immovable property situated at C-37, Panki Industrial Area, P.O. Udyog Nagar, Kanpur.

5. The Company estimates the deferred tax credit/(charge) using the applicable rate of tax based on the impact of timing differences between financial statements and estimated taxable income for the current year. The deferred tax liability comprise of the following :

	As at 31.03.2009	As at 31.03.2008
(a) <b>Deferred Tax Assets</b>		
Related to Allowance/Disallowance under the I.Tax Act	94,16,421	40,01,619
(b) <b>Deferred Tax Liability</b>		
Related to Fixed Assets	(40,56,728)	(45,74,701)
(c) <b>DEFERRED TAX ASSETS / (LIABILITY)</b>	<b>53,59,693</b>	<b>(5,73,082)</b>

### 6. DEFERRED REVENUE EXPENDITURE (To the extent not written off)

	As at 31.03.2009	As at 31.03.2008
Design & Development Cost	8,56,765	10,70,956
Compensation on Employees Voluntary Retirement	2,18,540	NIL
<b>Total</b>	<b>10,75,305</b>	<b>10,70,956</b>

7. Advance Income tax as shown in Schedule 'D' is net of provisions. The Sales Tax and Income Tax Assessments of the Company have been completed upto Assessment year 2006-07 and Assessment year 2007-08 respectively. Any tax liability on cases pending under assessment/ appeal will be met as and when the same arises.

### 8. TURNOVER, CLOSING AND OPENING STOCK OF GOODS PRODUCED :

PRODUCT GOODS PRODUCED	Qty.	TURNOVER	
		2008-2009 Rs.	2007-2008 Rs.
Induction Heating Equipments *	11	4,51,39,348	11 5,28,02,943
Tools, Spares & Upgrading etc.	Lot	1,74,63,340	Lot 2,92,26,113
<b>Total</b>		<b>6,26,02,688</b>	<b>8,20,29,056</b>

\* Sales include Rs.1545860/-(Previous year Rs. 1046529/-) being value of one machine issued for captive consumption. There is no opening or closing stock of goods produced.





**9. Details of Raw Materials Consumed :**

	2008-2009		2007-2008	
	Qty.	Rs.	Qty.	Rs.
Sundry Structural, Electricals and Mechanical Components *	Lot	1,84,31,916	Lot	5,28,04,003
	Total	<u>1,84,31,916</u>		<u>5,28,04,003</u>

\* It is not practicable to furnish detailed item wise information of raw materials & components consumed in view of the large number of items which differ in size & nature, each being less than ten percent in value of the total value.

**10. Value of Materials and Components and Stores Consumed :**

Particulars	Raw Material			
	2008-2009		2007-2008	
	Rs.	%	Rs.	%
Imported	20,50,081	11.12	2,84,78,555	53.93
Indigenous	1,63,81,835	88.88	2,43,25,448	46.07
Total	<u>1,84,31,916</u>	<u>100.00</u>	<u>5,28,04,003</u>	<u>100.00</u>

Consumable Stores Rs. 19,76,232/- (Previous Year Rs. 28,10,655/-) are 100% indigenous.

**11. Installed Capacity and Production of Goods :** (as certified by the management)

PRODUCTS	Size	INSTALLED CAPACITY		ACTUAL PRODUCTION	
		2008-2009	2007-2008	2008-2009	2007-2008
	Large	12	12	-	-
Induction Heating Equipments (Units)	or				
	Large/Small	20	20	11	11

**12. C.I.F. Value Raw Material Imported - Rs. 21,71,693/-** (Previous Year Rs. 2,23,16,454/-).

**13. Expenditure In Foreign Currency**

	2008-2009		2007-2008	
	Rs.		Rs.	
Travelling	24,600		1,72,200	
Foreign Bank Charges	41,355		44,178	

**14. Remittance in Foreign Currency on Account of Dividend**

	2008-2009	2007-2008
(a) Number of Non-Resident Shareholders	1	1
(b) Number of Equity Shares held by them	68,755	68,755
(c) Amount of Dividend Paid (in Rs.)	0	68,755

**15. Earnings in Foreign Currency**

	2008-2009		2007-2008	
	Rs.		Rs.	
Export of Goods on F.O.B. Basis	34,30,036		68,32,835	
Commission	34,510		2,88,100	



# **16. Remuneration to Directors**

	2008-2009	2007-2008
i) Salaries	Rs. 22,56,000	Rs. 22,36,000
ii) Company's contribution towards funds	Rs. 7,49,894	Rs. 8,37,541
iii) Approximate money value of other perks	Rs. 14,57,402	Rs. 16,57,559
<b>Total</b>	<b>Rs. 44,63,296</b>	<b>Rs. 47,31,100</b>

Due to inadequacy of profits as per provisions of Section 198 of the Companies Act, 1956, no commission on profit is payable to Directors. On completion of his tenure during the year, the reappointment of Managing Director was approved by Board of Directors on existing terms & conditions subject to the approval by Shareholders in the ensuing Annual General Meeting.

17. In case of winding up petition filed by the Company before Hon'ble High Court of Allahabad for recovery of Inter Corporate Deposit against M/s Trackparts of India Ltd., the Company is following up the case for balance dues of Rs. 55.50 lacs. Full provision in respect of above was made in financial year 2003-04. Another case under Negotiable Instruments Act is also pending in local court at Kanpur.

# **18. EMPLOYEE BENEFITS – As per Accounting Standard-15(Revised 2005)**

- (A) **Gratuity Fund** – Gratuity is administered through Group Gratuity Scheme with LIC and annual premium thereon is paid and accounted for as and when demanded. Actuarial valuation is made by LIC as required in Accounting Standard - 15 (revised 2005) on Project Unit Credit Method. The Actuarial Assumptions are :-

- \* Mortality Rate - LIC (1994-96) ultimate
- \* Withdrawal Rate - 1% to 3% depending on Age
- \* Discount Rate - 8% p.a.
- \* Salary Escalation - 4%

The Company has provided Additional Contribution towards short fall in existing Gratuity fund as demanded by LIC under Group Gratuity Scheme as Defined Contribution Plan from the opening General Reserve in terms of AS-15. The present value of Past Service Benefit as per LIC was Rs. 7152072/-.

- (B) **Leave Encashment** – Provision for leave encashment amounting to Rs.1212605/- has been made by the management on accrual basis.
- (C) **Defined Contribution Plans** – During the year, the Company has recognized the following amounts in the profit and loss account for employee benefits.

PARTICULARS	Amount (Rs.)
<b>Employer's Contribution to</b>	
- Employee's Provident Fund	7,37,240
- Employee's Family Pension Scheme	7,58,798
- Employee's State Insurance Fund	4,73,410
- Employee's Group Insurance Scheme	69,167
- Employee's Superannuation Fund	4,80,680
<b>Gratuity Fund - Contribution to LIC Group Gratuity Scheme towards current service cost</b>	<b>4,24,940</b>
<b>Leave Encashment – Debited to Profit &amp; Loss A/c</b>	<b>2,08,513</b>



## 19. Related Party Disclosures

Related party disclosures as required under AS 18 issued by Institute of Chartered Accountants of India are given below :-

- (i) Key Management Personnel – Mr. P.K. Bhargava                      Chairman & Managing Director  
Mrs. Ranjana Bhargava                      Whole Time Director
- (ii) Remuneration to Key Management Personnel
  - (a) Details of remuneration to Managing Director & Whole Time Director are given at Note No. 16 above.
  - (b) Sitting Fees to Directors - Rs. 40,000/- (Previous Year Rs. 46,000/-).
- (iii) Transactions carried out with the related party - Diatech Tools India Private Ltd., Kanpur, during the year in the ordinary course of business :-
  - Sale of material etc.                      - Rs. 69,721/-
  - Lease Rent Received                      - Rs. 96,000/-

20. In the opinion of the Board, the current assets, loans and advances are realizable at a value which is at least equal to the amount at which these are stated in the ordinary course of business.

## 21. EARNING PER SHARE (EPS)

	2008-2009	2007-2008
(a) Net Loss for equity shareholders	Rs. (1,13,48,440)	Rs. (66,81,014)
(b) Weighted Average number of equity shares	No. 10,05,000	No. 10,05,000
(c) Basic and Diluted Earnings per share of Rs. 10 each	Rs. (11.29)	Rs. (6.65)

22. The Company is engaged in one segment i.e. Machine Tools for Automotive and other classified industries which are governed by the same set of risk and returns. The said treatment is in accordance with the guiding principle enunciated in the AS-17 on Segment Reporting.

23. Previous year figures have been regrouped wherever necessary.

24. Schedules A to H form an integral part of the Balance Sheet and Profit & Loss Account.

As per our Report of even date attached

For **B. C. Jain & Co.**  
Chartered Accountants

**K. M. Gupta**  
Partner  
(M. No. 70469)

Place : Kanpur  
Date : 28.04.2009

**P. K. BHARGAVA**, Chairman & Managing Director  
**RANJANA BHARGAVA**, Whole Time Director

**K.D. GUPTA**, Director  
**Dr. ATUL KAPOOR**, Director  
**RAKSHITA BHARGAVA**, Director  
**ALOK NAGORY**, Director

**S. S. GOYAL**, Vice President (Finance)



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### Registration Details

CIN No. L27201UP1971PLC003408 State Code 20  
Balance Sheet Date 31 03 2009

### II. Capital Raised during the year

(Amount in Rs. Thousands)

Public Issue NIL Right Issue NIL  
Bonus Issue NIL Private Placement NIL

### III. Position of Mobilisation and Deployment of Funds

Total Liabilities - - - - 9 2 4 3 5 Total Assets - - - - 9 2 4 3 5

#### Source of Funds

Paid-up Capital - - - - 1 0 0 5 0 Reserves & Surplus - - - - 7 2 7 1 0  
Secured Loans - - - - 9 6 7 5 Deferred Tax Liability - - - - - - - 0

#### Application of Funds

Net Fixed Assets - - - - 2 3 5 6 1 Investments - - - - - 5 0 8 0  
Net Current Assets - - - - 5 7 3 5 9 Deferred Tax Assets - - - - - 5 3 6 0  
Misc. Expenditure - - - - - 1 0 7 5

### IV. Performance of Company

Turnover (Gross Revenue) - - - - 5 8 2 1 5 Total Expenditure (Net) - - - - 7 5 3 0 2  
Loss Before Tax - - - - 1 7 0 8 7 Loss After Tax - - - - 1 1 3 4 8  
Earning per Share (Rs.) (11.29) Dividend Rate % NIL

### V. Generic Name of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) - - 8 5 1 4 . 4 0

Product Description INDUCTION HEATING EQUIPMENTS

For B. C. Jain & Co.  
Chartered Accountants

K. M. Gupta  
Partner  
(M. No. 70469)

Place : Kanpur  
Date : 28.04.2009

P. K. BHARGAVA, Chairman & Managing Director  
RANJANA BHARGAVA, Whole Time Director

K.D. GUPTA, Director  
Dr. ATUL KAPOOR, Director  
RAKSHITA BHARGAVA, Director  
ALOK NAGORY, Director

S. S. GOYAL, Vice President (Finance)



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Rs.	Current Year Rs.	Previous Year Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Loss before tax and extraordinary items		(1,70,86,715)	(1,10,59,892)
Adjustment for :			
Depreciation	18,62,101		20,37,951
Deferred Revenue Expenses written off	2,68,827		2,14,191
Interest Expenses	2,30,608		3,86,619
(Profit) / Loss on Sale/Disposal of Assets	30,746		(46,595)
Interest/Dividend Income/Capital Gains	(5,14,388)		(10,40,241)
		<u>18,77,894</u>	<u>15,51,925</u>
Operating Loss before working capital changes		(1,52,08,821)	(95,07,967)
Adjustment for :			
Trade and other Receivables	92,16,970		5,663
Inventories	2,31,07,008		(30,25,990)
Trade payable and other Liabilities	(1,24,12,803)		63,12,234
Additional Gratuity Contribution as per LIC Demand	(22,77,709)		0
		<u>1,76,33,466</u>	<u>32,91,907</u>
Cash generated from operations		24,24,645	(62,16,060)
Direct Taxes Paid (Net)		1,20,432	4,55,200
<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>		<u>25,45,077</u>	<u>(57,60,860)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	(15,62,658)		(15,44,756)
Purchase of Design & Development	0		(12,85,147)
Voluntary Retirement Compensation	(2,73,176)		0
Sale of fixed assets	4,27,633		2,14,111
Addition to Trade Investments (Net)	(25,65,146)		78,00,936
Interest/Dividend Income/Capital Gains	5,14,388		10,40,241
<b>NET CASH (USED IN) / FROM INVESTING ACTIVITIES</b>		<u>(34,58,959)</u>	<u>62,25,385</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from long term borrowings	31,27,379		(37,90,404)
Interest paid	(2,30,608)		(3,86,619)
Dividend paid	0		(11,45,951)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>		<u>28,96,771</u>	<u>(53,22,974)</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<u>19,82,889</u>	<u>(48,58,449)</u>
<b>OPENING BALANCE OF</b>			
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2008</b>		1,21,19,710	1,69,78,159
<b>CLOSING BALANCE OF</b>			
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2009</b>		<u>1,41,02,599</u>	<u>1,21,19,710</u>

The above Cash Flow statement has been prepared under the indirect method as set out in the AS 3 on Cash Flow Statement issued by Institute of Chartered Accountants of India. Previous year figures have been regrouped wherever necessary.

As per our Report of even date attached

For **B. C. Jain & Co.**  
Chartered Accountants  
**K. M. Gupta**  
Partner  
(M. No. 70469)

Place : Kanpur  
Date : 28.04.2009

**P. K. BHARGAVA**, Chairman & Managing Director  
**RANJANA BHARGAVA**, Whole Time Director

**K.D. GUPTA**, Director  
**Dr. ATUL KAPOOR**, Director  
**RAKSHITA BHARGAVA**, Director  
**ALOK NAGORY**, Director

**S. S. GOYAL**, Vice President (Finance)

**EMA INDIA LIMITED**



## MANDATE FOR AVAILING ECS OPTION FOR PAYMENT OF DIVIDEND

1. NAME OF THE SOLE/FIRST SHAREHOLDER : .....  
.....  
2nd SHAREHOLDER : .....  
.....  
3rd SHAREHOLDER : .....  
.....
2. FOLIO NO. : .....
3. NAME OF THE BANK : .....
4. BRANCH & ADDRESS : .....  
.....
5. ACCOUNT NO. : .....
6. TYPE OF ACCOUNT (SAVINGS/CURRENT) : .....
7. 9 DIGIT MICR CODE OF THE BANK : .....  
(appearing on the cheque of the bank - please  
enclose photocopy of the cheque)

**Note : Bank particulars are to be given of First Shareholder only unless payment instructions are given otherwise.**

### MANDATE

I/We hereby give my/our consent for making payment of dividend by Electronic Clearing to my above mentioned bank.

.....  
Signature 1st Shareholder

.....  
2nd Shareholder

.....  
3rd Shareholder

**EMA INDIA LIMITED**



## EMA INDIA LIMITED

## ATTENDANCE SLIP

Registered Office : C-37, Panki Industrial Area, Kanpur-208 022.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional slip on request.

D.P. Id.*	
Client Id.*	

Registered Folio No.	
----------------------	--

NAME AND ADDRESS OF THE SHAREHOLDER/BENEFICIARY.....

.....No. of Share(s) held.....

I hereby record my presence at the 38th Annual General Meeting of the Company held on Wednesday, 30th September, 2009 at 11.00 A.M. at C-37, Panki Industrial Area, Kanpur-208 022.

.....  
Signature of Shareholder/Beneficiary or Proxy

\* Applicable for investors holding shares in electronic form.



## PROXY FORM

## EMA INDIA LIMITED

Registered Office : C-37, Panki Industrial Area, Kanpur-208 022.

D.P. Id.*	
Client Id.*	

Registered Folio No.	
----------------------	--

I/We.....of

.....being a Member/Members of EMA INDIA LIMITED

hereby appoint.....or failing him/

her.....of.....as

me/our proxy to vote for me/us, and on my/our behalf, at the 38th Annual General Meeting to be held at the Registered Office of the Company at C-37, Panki Industrial Area, Kanpur-208 022 on Wednesday, 30th September, 2009 at 11.00 A.M. and at any adjournment thereof.

Signed this.....day of.....2009.

\*Applicable for investors holding shares in electronic form.

Affix  
1 Rupee  
Revenue  
Stamp

### Note :

This form, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting. The proxy need not be a member of the Company.

EMA INDIA LIMITED

# BOOK - POST

*If undelivered, please return to :*



**EMA INDIA LIMITED**  
C-37, PANKI INDUSTRIAL AREA  
P.O. UDYOG NAGAR  
KANPUR-208 022