

NOTICE

EMA India Limited

Pioneers in Induction Heating & Hardening



EMA INDIA LIMITED

Annual Report 2010-2011

EMA INDIA LIMITED

EMA INDIA LIMITED



EMA India Limited

BOARD OF DIRECTORS

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



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

STATUTORY AUDITORS

B.C. JAIN & CO.
 Chartered Accountants
 16/77A, Civil Lines
 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

REGISTRAR & SHARE TRANSFER AGENT

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

REGISTERED OFFICE & WORKS

C-37, Panki Industrial Area
 P.O. Udyog Nagar
 Kanpur-208 022
 Ph. : 0512 2691210-213
 Website : www.eiltd.info

Contents	Page No.
Notice	3
Directors' Report	7
Secretarial Compliance Certificate	10
Auditors' Report	13
Balance Sheet	15
Profit & Loss Account	16
Notes to Accounts	22
Balance Sheet Abstract & General Business Profile	28
Cash Flow Statement	29
Proxy Form & Attendance Slip	



NOTICE

NOTICE is hereby given that 40th 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 Friday, 30th September 2011 at 11.00 AM to transact the following business: -

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March 2011 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 Dr. Atul Kapoor who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
3. To reappoint M/s B.C. Jain & Co., Chartered Accountants, the retiring Auditors, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting 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 pursuant to Section 196, 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, Mrs. Ranjana Bhargava be and is hereby re-appointed as Whole Time Director of the Company for a period of 5 years w.e.f. 1st April 2011 on remuneration and perquisites as set out in the Explanatory Statement appended to the Notice convening this Annual General Meeting."
5. To consider and if thought fit to pass with or without modification(s), the following resolution as Special Resolution:
"RESOLVED THAT pursuant to Section 196, 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 2011 on remuneration and perquisites as set out in the Explanatory Statement appended to the Notice convening this Annual General Meeting."

Place : Kanpur
Date : 17.05.2011

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 23.09.2011 to 30.09.2011 (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.

EMA INDIA LIMITED

EMA INDIA LIMITED

- e) Members are hereby informed that pursuant to the provisions of Section 205A of the Companies Act, 1956, any dividend remaining unclaimed / unencashed for a period of seven years from the date of transfer to the Unpaid Dividend A/c, have to be transferred to the INVESTOR EDUCATION AND PROTECTION FUND (IEPF) U/s 205C of the Companies Act and accordingly the Unpaid Dividend for financial year 2002-03 has been transferred to INVESTOR EDUCATION AND PROTECTION FUND (IEPF) constituted by the Central Government. Members are again advised to note that Unpaid Dividend relating to financial year 2003-04 will be transferred to INVESTOR EDUCATION AND PROTECTION FUND (IEPF) as per the provisions of section 205A(5) of the Companies Act 1956 in November 2011.

Further under the amended provisions of the section 205B of the Companies Act, 1956, no claim shall lie in respect of the dividends transferred to the fund either against the company / its Officers or against the government. Hence Shareholders, whose dividend remain unpaid for any of the financial years, should lodge their claims with the Company before the due date of transfer of Unpaid Dividend amount to Investor Education and Protection Fund.

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

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

Item No. 4

The re-appointment of Mrs. Ranjana Bhargava as Whole Time Director of the Company was previously approved by the members of the Company for a term of five years w.e.f. 01.04.2006 which had expired on 31.03.2011. Mrs. Ranjana Bhargava is actively involved in the management of the day-to-day affairs of the Company. In view of her vast experience & expertise in the areas of General Administration, Finance & Legal matters, your Board of Directors has decided to re-appoint her as Whole Time Director for a further period of five years w.e.f. 01.04.2011. Looking into the recent adverse business conditions and as agreed by Mrs. Ranjana Bhargava, the Board has proposed to re-appoint her on terms and conditions, as enumerated under:

I - SALARY - Rs. 48,000/- p.m. with an annual increment of Rs. 3,000/- p.m.

II - PERQUISITES

Perquisites as listed below shall be payable to her subject to maximum of Annual Salary:

Category - A

- Free furnished accommodation or house rent allowance in lieu thereof subject to the ceiling of 60% of Basic Salary. Expenditure incurred by the Company on gas, electricity, water, furnishings & domestic help shall be valued as per Income Tax Rules 1962.
- Reimbursement of actual medical expenses incurred for her and her family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- Medical insurance premium against Mediclaim Policy for sum assured of an amount, the value of which does not exceed Rs. 20 lacs for coverage of hospitalization / domiciliary expenses of an appropriate value.
- Personal accident insurance for an amount the premium of which shall not exceed Rs. 4000/- per annum.
- Leave travel concession for self & family once in a year to and fro any place in India or abroad subject to the condition that only actual fare shall be reimbursed.
- Fees of any two clubs provided that no admission or life membership fees is paid.
- Free use of Company's car with driver for the company's business and free telephone & fax facilities at residence shall not be considered as perquisites.

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.

Category - B

- a) Contribution to Provident Fund & Superannuation 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.
- b) Gratuity not exceeding half month's salary for each completed year of service subject to a ceiling of amount permissible under Income Tax Rules 1962.
- c) One month's leave with full pay & allowances for every completed eleven months of service. However leaves accumulated but not availed of during her tenure may be allowed to be encashed at the time of her retirement as per the rules of the company.

In addition to salary and perquisites, 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.

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 her in the event of absence or inadequacy of profits in any year comprised in the period of appointment.

Mrs. Ranjana Bhargava (Individual) holds 49,000 equity shares in the Company as per details furnished by her. None of the Directors except Mrs. Ranjana Bhargava herself, Mr. P.K. Bhargava and Ms. Rakshita Bhargava being her relatives are concerned or interested in the aforesaid resolution.

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

Item No. 5

The re-appointment of Mr. P.K. Bhargava as Chairman & Managing Director of the Company was previously approved by the members of the Company for a period of three years w.e.f. 01.06.2008 which will expire on 31.05.2011. Mr. P.K. Bhargava is an Engineering Graduate having considerable experience in the Machine Tools Industry and is also well conversant with international trade. He has been the Promoter Director of the Company, being on the Board of the Company since its incorporation in 1971. In view of his contribution towards the company, your Board of Directors has decided to re-appoint him as Chairman & Managing Director for a further period of three years. 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. 01.06.2011 on terms and conditions, as enumerated under: -

I - SALARY - Rs. 1,40,000/- p.m. with an annual increment of Rs. 10,000/- p.m.

II - PERQUISITES

Perquisites as listed below shall be payable to him subject to maximum of Annual Salary:

Category - A

- a. Free furnished accommodation or house rent allowance in lieu thereof subject to the ceiling of 80% of Basic Salary. Expenditure incurred by the Company on gas, electricity, water, furnishings & domestic help shall be valued as per Income Tax Rules 1962.
- b. Reimbursement of actual medical expenses incurred for him and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- c. Medical insurance premium against Mediclaim Policy for sum assured of an amount, the value of which does not exceed Rs. 10 lacs for coverage of hospitalization / domiciliary expenses of an appropriate value.
- d. Personal accident insurance for an amount the premium of which shall not exceed Rs. 4000/- per annum.
- e. Leave travel concession for self & family once in a year to and fro any place in India or abroad subject to the condition that only actual fare shall be reimbursed.
- f. Fees of any two clubs provided that no admission or life membership fees is paid.
- g. Free use of Company's car with driver for the company's business and free telephone & fax facilities at residence shall not be considered as perquisites.

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.



Category - B

- a) Contribution to Provident Fund & Superannuation 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.
- b) Gratuity not exceeding half month's salary for each completed year of service subject to a ceiling of amount permissible under Income Tax Rules 1962.
- c) One month's leave with full pay & allowances for every completed eleven months of service. However leaves accumulated but not availed of during his tenure may be allowed to be encashed at the time of his retirement as per the rules of the company.

In addition to salary and perquisites, 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.

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 his relatives are concerned or interested in the aforesaid resolution.

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

Your Directors recommend the resolution mentioned at item No 5 for being passed as Special Resolution.

Place : Kanpur
Date : 17.05.2011

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



DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors are pleased to present the Fortieth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2011.

Operations:

During the financial year under review, the Company faced adverse business conditions for fourth successive financial year. The best way to survive in this situation was to take effective remedial measure and the Company continued to focus its attention on cost reduction efforts, improvement in operational efficiencies & assets utilization as well as to conserve cash for financial safe guard. With these efforts, though the Company could achieve a turnover of Rs. 47.02 million during the year 2010-11 as against Rs. 35.33 million in the previous year yet the net loss of the Company was Rs 9.25 million during the year 2010-11 as against Rs. 7.42 million in the previous year. However order booking look very encouraging for current financial year.

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 Articles of Association of the Company & Section 256 of the Companies Act, 1956, Dr. Atul Kapoor retires from the Board by rotation and being eligible offers himself for reappointment. Your Directors recommend his reappointment.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed except as given elsewhere in this report;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments & 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 & Auditors Report:

M/s. 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. The proposal for their reappointment is included in the notice for Annual General Meeting sent herewith.

In respect of observation made by the Auditors in their report, your directors wish to state that it has been decided to continue LIC Group Gratuity cum Life Assurance Fund. However in view of losses, incremental gratuity liability towards past services due to enhancement of limits has not been provided for and shall be met as and when arise.

Secretarial Compliance Certificate:

Pursuant to proviso to Section 383A(1) of the Companies Act, 1956, the Secretarial Compliance Certificate for the financial year 2010-11 obtained from the Company Secretary in Practice is attached to the Annual Report.

Disclosure of Additional Information:

There has been no material change and commitment affecting the financial position of the Company which has occurred between end of the financial year and the date of this report.

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.

EMA INDIA LIMITED



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.

Listing of Shares:

The Company's shares are listed with Bombay Stock Exchange Ltd., Mumbai and the listing fees thereon are regularly paid.

Industrial Relations:

The industrial relations during the year under report remained cordial.

Acknowledgements:

Your Directors take this opportunity to express their sincere thanks to the Shareholders, Bankers, Customers, Suppliers, Revenue & Administrative Departments and Business Associates for their cordial association & consistent support to the Company and also acknowledge & appreciate the cooperation and contribution by all categories of employees despite adverse business conditions during the year under report.

Place : Kanpur
Date : 17.05.2011

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

EMA INDIA LIMITED



ANNEXURE TO DIRECTOR'S REPORT

DISCLOSURE U/S 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1986.

A) CONSERVATION OF ENERGY

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

B) TECHNOLOGY ABSORPTION AS PER FORM - B

a) Research & Development (R & D)

Specified areas of R & D, Benefits derived, Future plan & Expenses incurred

With the development of low cost IGBT Transistors, high frequency Generator & Development & re-designing of cost effective induction hardening machines with computerized controls, the Company had introduced low cost IGBT Generators resulting in many more enquiries and orders. The Company is working to develop low cost Medium Frequency IGBT Converters for Induction Heating applications and to design & develop special purpose with automation machines for its major customers. The company has incurred Rs. 2.88 lacs towards recurring expenditure on R & D which is 0.61% of the total turnover.

b) Technology Absorption, Adaptation & Innovation

Due to the efforts for new developments in electronics systems and Up-gradation of NC / CNC control machines, new lighter duty designed hardening machines were introduced with cost reduction. Low cost IGBT High Frequency Converters were developed as well as technology was upgraded & delivery time reduced. The technology for Transistorized Converters, other equipments and parts of Induction Heating Machines imported has been fully absorbed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to export, Initiative taken to increase exports & Development of New Export market

The Company is always making efforts for Export of complete CNC / PLC Induction Heating Equipments, components of Induction Heating Equipments to U.K., U.S.A., Germany, Iran, Malaysia, Pakistan & Thailand and has succeeded in getting order from Iran for supply of complete CNC Machine for Rs 70 lacs approx. The Company further plans to increase export of complete Induction Heating Equipments & Components thereof.

b) Foreign exchange used - Rs. 61.89 lacs (Previous year Rs 46.49 lacs)

c) Foreign exchange earned - Rs. 35.08 lacs (Previous year Rs 21.00 lacs)

Place : Kanpur
Date : 17.05.2011

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

EMA INDIA LIMITED



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, Panki 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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. 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 there under 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 there under.
3. The Company, being a public limited Company, comments with regard to shareholders is not required.
4. The Board of Directors duly met Four (4) times on 29/04/2010, 30/07/2010, 29/10/2010 and 31/01/2011 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 22.09.2010 to 30.09.2010 after making necessary compliance.
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 30th September, 2010 after giving due notice to the members of the company and the resolutions passed thereat 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 the section 295 of the Act.
9. The Company has entered into a contract falling within the purview of Section 297 of the Act and due approval from the Central Government under the aforesaid section has been obtained.
10. The Company has made necessary entries in the register maintained under section 301 of the Act wherever applicable.
11. The Company was not required to obtain approvals from the Board of Directors, members or Central Government, as there were no instances falling within the purview of Section 314 of the Act.
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 declared dividend for the year 2009-10 and accordingly no amount was deposited as dividend in a separate bank account.
 - b) not made any allotment of securities during the financial year.
 - c) delivered all the certificates on their lodgment for transfer and transmission in accordance with the provisions of the Act.

EMA INDIA LIMITED



- d) deposited the unpaid dividend for the year 2002-03 which had become due for transfer into Investor Education and 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.
- 15. The Company has not appointed any sole-selling agents during the financial year.
- 16. The Company has obtained approval of the Central Government under section 297 of the Companies Act, 1956 during the year under review.
- 17. 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.
- 18. The Company has not issued any shares, debentures or other securities during the financial year.
- 19. The Company had not bought back any shares during the financial year.
- 20. There are no outstanding preference shares/debentures as at 31st March 2011.
- 21. 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.
- 22. The Company has not invited/ accepted deposits including unsecured loans falling within the purview of Section 58A during the financial year.
- 23. The Company has not made any borrowings during the financial year except working capital limits in the ordinary course of business.
- 24. 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.
- 25. 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.
- 26. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
- 27. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
- 28. The Company has not altered the provisions of the Memorandum with respect to the share capital of the Company during the year under scrutiny.
- 29. The Company has not altered its Articles of Association during the year.
- 30. 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.
- 31. The Company has not received any money as security from its employees.
- 32. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act. The Company has disclosed in its Annual Report that it has not provided for additional incremental gratuity liability towards past services due to enhancement of limits.

Place : Kanpur
Date : 17.05.2011

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

EMA INDIA LIMITED



Annexure A

RECORDS MAINTAINED BY THE COMPANY

- a) Minutes of Board Meeting
- b) Minutes of General Meeting
- c) Minutes of Share Transfer Committee Meeting
- d) Register of Share Transfer
- e) Register of Members
- f) Register of Directors
- g) Register of Directors Shareholding
- h) Register of Allotment
- i) Register of Scrip
- j) Register of Contracts
- k) Register of Mortgage and Charges
- l) Register of Demat
- m) Register of Common Seal
- n) Directors' & Members' attendance book

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31st March, 2011

Form No	Particulars	U/s	Filed on
24A	RD Approval	297	21.05.2010
66	Compliance certificate – 31.03.2010	383A	14.10.2010
23AC	Balance Sheet – 31.03.2010	220	14.10.2010
23ACA	Profit & Loss A/c – 31.03.2010	220	14.10.2010
20B	Annual Return – 25.10.2010	159	29.10.2010
1	Transfer of unclaimed dividend – 2002-03	205	06.12.2010



REPORT OF THE AUDITORS TO THE MEMBERS

1. We have audited the attached Balance Sheet of EMA INDIA LIMITED as at 31st March 2011 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.
2. We conducted our audit in accordance with 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 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 (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, and on the basis of such checks of the books and records of the Company as we consider appropriate and the information and explanation given to us during the course of our audit, we report that, in our opinion :-
 - i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) 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) The Company has not disposed off a substantial part of its fixed assets during the year and as such the going concern status of the company is not affected.
 - ii. (a) The inventories have been physically verified by the management at regular intervals during the year.
(b) 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) The Company has maintained proper records of inventories and the discrepancies noticed on physical verifications were not material and have been properly dealt with in the books of accounts.
 - iii. 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.
 - iv. In our opinion and according to the information and explanation given to us there is an adequate internal control system 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 and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
 - v. In respect of contracts or arrangements referred to in 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 contract or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us the transaction made in pursuance of contracts/arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
 - vi. The Company has not accepted any deposits from the public.
 - vii. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
 - viii. 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 made and maintained. We have not, however, made detailed examination of cost records.

EMA INDIA LIMITED

- ix. (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, E.S.I., Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues with the appropriate authorities.
 (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of the aforesaid dues which were outstanding as at 31st March, 2011 for a period of more than six months from the date, they became payable.
- x. 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.
- xi. The Company has not taken any loan from Banks, Financial Institutions or debenture holder. Hence there is no question of default in repayment.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a Chil Fund or a Nidhi / Mutual Benefit Fund / Society and therefore Clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable.
- xiv. The Company is not dealing or trading in shares, securities, debentures or other investments.
- xv. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company has not taken any term loan during the year.
- xvii. On the basis of our examination of the books of accounts and the information and explanations given to us, no funds were raised on short-term / long term basis.
- xviii. The Company has not made any preferential allotment of shares during the year.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money by public issue during the year.
- xxi. 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.
4. Further 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 it appears from our examination of those books.
- c) In our opinion, 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 except as Note No 17A - Schedule H for shortfall in provision of LIC demand in respect of Group Gratuity contribution.
- e) Based on the written representations received from the Directors as on 31.03.2011 and taken on record by the Board of Directors, none of the Directors of the Company is, prima facie, disqualified from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Sec. 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 subject to Note No.17A - Schedule H for shortfall in provision of LIC demand for Group Gratuity Contribution amounting to Rs 24.33 lacs and read with Significant Accounting Policies and 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 2011;
- (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 : 17.05.2011

For B.C. JAIN & CO.
 Chartered Accountants
 F. R. No. 1099C
 K.M. Gupta
 (M No. 70469)

EMA INDIA LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE No.	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
A. SOURCES OF FUNDS				
(1) Shareholders' Funds :				
(A) Share Capital	'A'	1,00,50,000		1,00,50,000
(B) Reserves and Surplus	'B'	<u>5,52,52,250</u>		<u>6,44,98,744</u>
			6,53,02,250	7,45,48,744
(2) Loan Funds :				
Secured Loan - Cash Credit Borrowings (See Schedule 'H' - Note 3)			1,28,06,493	1,15,73,390
	TOTAL		<u>7,81,07,743</u>	<u>8,61,22,134</u>
B. APPLICATION OF FUNDS				
(1) Fixed Assets :				
(A) Gross Block	'C'	5,32,65,414		5,33,30,892
(B) Less : Depreciation		<u>3,34,09,471</u>		<u>3,18,94,992</u>
(C) Net Block			1,98,55,943	2,14,35,900
(2) Investments : (See Schedule 'H' Note 4)			15,86,454	50,84,870
(3) Deferred Tax Assets (Net) : (See Schedule 'H' Note 5)			1,27,43,821	83,92,750
(4) Current Assets, Loans and Advances : 'D'		5,69,13,671		5,77,54,631
Less : Current Liabilities and Provisions : 'E'		<u>1,35,29,797</u>		<u>73,52,495</u>
Net Current Assets			4,33,83,874	5,04,02,136
(5) Deferred Revenue Expenditure (See Schedule 'H' Note 6)			5,37,651	8,06,478
	TOTAL		<u>7,81,07,743</u>	<u>8,61,22,134</u>

Significant Accounting Policies and Notes to Accounts 'H'

As per our Report of even date attached

For B. C. Jain & Co.
Chartered Accountants

K. M. Gupta
Partner
(M. No. 70489)

Place : Kanpur
Date : 17.05.2011

For and On behalf of the Board

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

K.D. GUPTA Director
ATUL KAPOOR Director
RAKSHITA BHARGAVA Director

S. S. GOYAL Vice President (Finance)

EMA INDIA LIMITED



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE		Current Year	Previous Year
	No.	Rs.	Rs.	Rs.
INCOME				
Sale of Products and Other Income	'F'		4,49,65,129	3,00,33,620
EXPENDITURE				
Manufacturing and Other Expenses	'G'	5,67,71,972		4,61,53,990
Interest on Bank Borrowings		78,399		61,100
Depreciation	'C'	17,08,406		18,41,939
Provision For Doubtful Debts		0		4,99,671
TOTAL			5,85,58,777	4,84,96,700
LOSS BEFORE TAX & EXTRA ORDINARY ITEMS		1,35,93,648	1,04,63,080	
PROVISION FOR TAX				
Deferred Tax Assots			(43,51,071)	(30,33,057)
Income Tax for Earlier Years / (Written Back)			3,917	(3,641)
LOSS AFTER TAX ADJUSTED FROM GENERAL RESERVE			92,46,494	74,26,362
Basic & Diluted earnings per share of Rs. 10 each				
(See Schedule 'H' - Note 20)			Rs. (9.20)	(7.89)

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 : 17.05.2011

For and On behalf of the Board
P. K. BHARGAVA Chairman & Managing Director
RANJANA BHARGAVA Whole Time Director
K.D. GUPTA Director
ATUL KAPOOR Director
RAKSHITA BHARGAVA 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, 2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
AUTHORISED		
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>
ISSUED, SUBSCRIBED & PAID UP		
10,05,000 Equity Shares of Rs. 10/- each	1,00,50,000	1,00,50,000
TOTAL	<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, 2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
CAPITAL RESERVE		
Capital Investment Subsidy	25,00,000	25,00,000
SECURITIES PREMIUM		
Premium received on issue of Equity Shares	27,50,000	27,50,000
GENERAL RESERVE		
Balance as per last Balance Sheet	5,92,48,744	6,74,60,166
Less : Transferred to Profit & Loss Account	(92,46,494)	(74,26,382)
Less : Adjustment towards Additional Gratuity Contribution (See Schedule 'H' - Note 17)	(0)	(7,85,040)
TOTAL	<u>5,00,02,250</u>	<u>5,92,48,744</u>
	<u>5,52,52,250</u>	<u>6,44,98,744</u>

EMA INDIA LIMITED



SCHEDULE 'C' - FIXED ASSETS

Annexed to and forming part of the Balance Sheet as at 31st March, 2011

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31st March 2010 Rs.	Additions Rs.	Sale Rs.	As at 31st March, 2011 Rs.	As at 31st March 2010 Rs.	For the year Rs.	Adjustments Rs.	As at 31st March, 2011 Rs.	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
Land (Free-Hold)	745298	0	0	745298	0	0	0	0	745298	745298
Land (Lease-Hold)	90205	0	0	90205	34094	1002	0	35096	55118	55112
Buildings	11528209	0	0	11528209	5964794	206560	0	6231350	5296859	5363415
Plant & Machinery	33650629	182022	0	33832651	20791123	1073066	0	21864789	11967862	12553506
Furniture, Fixtures and Equipments	4688220	10000	0	4788220	3590317	128667	0	3718984	985836	1007903
Vehicles	2528330	48098	312750	2364230	1514664	238515	193927	1550252	804078	1113665
TOTAL (Current Year)	53330892	247320	312750	53265414	31894992	1708405	193927	33409471	19655943	21435900
TOTAL (Previous Year)	54816135	24640	150884	5330892	31255196	1841939	1202143	31894992	21435900	-

SCHEDULE 'D' - CURRENT ASSETS, LOANS & ADVANCES

Annexed to and forming part of the Balance Sheet as at 31st March, 2011

	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
(A) CURRENT ASSETS			
Inventories (As certified by the management)			
Stores and Spares		7,19,359	6,18,975
Stock-in-trade :			
Raw Materials and Components	3,16,73,110		2,94,47,979
Goods-in-process	56,31,235		36,36,912
		<u>3,73,04,345</u>	<u>3,30,84,891</u>
Sundry Debtors (Unsecured) :			
Over Six Months - Considered Doubtful	4,39,671		4,39,671
- Provision for Doubtful Debts	(4,39,671)		(4,39,671)
- Considered Good	5,20,000		14,52,236
Other Debts	24,91,700		31,87,268
		<u>30,11,700</u>	<u>46,39,504</u>
Cash & Bank Balances :			
Cash & Cheques in hand	1,59,441		1,82,827
Balance with Scheduled Banks :			
In Current Accounts	1,17,27,305		1,45,07,454
In Investor Education & Protection Fund (A/c Unpaid Dividend)	3,27,839		3,73,264
In Fixed Deposits including deposits against margin money	5,16,192		11,04,381
		<u>1,27,30,777</u>	<u>1,61,67,726</u>
SUB TOTAL		<u>5,37,66,181</u>	<u>5,45,11,096</u>
(B) LOANS & ADVANCES			
(Unsecured, considered good - Unless otherwise stated)			
Advance Income Tax (See Schedule 'H' - Note No. 7)	16,15,099		15,27,158
Advances to Suppliers	5,28,030		1,05,222
Advance Excise Duty, Cess & Other Taxes	96,777		1,82,069
Advances recoverable in cash or in kind or for value to be received	6,29,553		11,51,055
Security Deposits	2,78,031		2,78,031
Inter Corporate Deposit - Considered Doubtful	55,50,000		55,50,000
Less : Provision for Doubtful Deposit	(55,50,000)	0	(55,50,000)
		<u>31,47,480</u>	<u>32,43,535</u>
TOTAL		<u>5,69,13,671</u>	<u>5,77,54,631</u>



SCHEDULE 'E' - CURRENT LIABILITIES & PROVISIONS

Annexed to and forming part of the Balance Sheet as at 31st March, 2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
CURRENT LIABILITIES		
Sundry Creditors due to Micro, Small & Medium Enterprises	51,089	1,44,597
Sundry Creditors Others	9,58,896	4,43,161
Investor Education & Protection Fund - (A/c Unpaid Dividend)	3,27,839	3,73,264
Advances from Customers	68,89,093	12,82,271
Other Liabilities	53,22,890	51,09,202
TOTAL	<u>1,35,29,797</u>	<u>73,52,495</u>

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, 2011

	Rs.	Current year Rs.	Previous Year Rs.
Sale of Products			
Sale of Products	4,70,23,831		3,53,28,362
Less : Excise Duty & Cess Realised	40,80,859		25,05,024
Other Income		4,29,42,972	3,26,23,358
Technical Assistance & Process Support Charges	17,51,826		25,97,369
Dividend Received	1,03,603		2,00,993
Duty Draw Back Received	14,168		22,039
Profit on Sale of Part of Land & Building	0		21,92,259
Profit on Sale/Disposal of Assets	12,558		9,785
Interest on Deposits with Scheduled Banks (Tax deducted at source Rs. 5408/- Previous Year Rs. 13719/-)	65,655		91,697
Other Interest Received	74,347		0
Rent Received	0		96,000
		<u>20,22,157</u>	<u>52,10,262</u>
TOTAL		<u>4,49,65,129</u>	<u>3,80,33,620</u>

EMA INDIA LIMITED



SCHEDULE 'G' - MANUFACTURING AND OTHER EXPENSES

Annexed to and forming part of the Profit & Loss Account for the year ended on 31st March, 2011

	Rs.	Current year Rs.	Previous Year Rs.
1. RAW MATERIALS CONSUMED		2,49,79,085	1,33,71,382
2. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
Salaries, Wages and Bonus etc.	1,72,98,521		1,65,74,705
Contribution to Provident and other Funds (See Schedule 'H' Note 17)	29,78,423		28,75,259
Employees Welfare Expenses	3,91,460		3,20,267
		2,06,68,404	1,97,71,231
3. OPERATIONAL AND OTHER EXPENSES			
Stores and Spares Consumed	14,73,823		10,27,315
Power and Electrical Charges	20,53,696		17,18,314
Repairs to Building	82,755		13,089
Repairs to Plant and Machinery	1,72,098		1,47,204
Rates and Taxes	45,970		58,968
Insurance	1,02,827		1,08,652
Packing, Forwarding & Freight	7,25,167		3,19,809
Travelling Expenses	15,49,860		15,97,877
Commission on Sales	3,56,294		50,908
AUDITORS' REMUNERATION			
Audit Fees	50,000		50,000
Loss on sale of Investments in Shares/Units	12,61,834		22,050
Excise Duty Demand charged	6,43,254		0
Deferred Revenue Expenses Written off	2,68,827		2,68,827
Other Miscellaneous Expenses	42,70,401		38,90,706
		1,30,56,806	92,73,719
4. DIRECTORS' SITTING FEES		62,000	62,000
		5,87,66,295	4,24,78,332
Add/(Less) : (Increase)/Decrease in Stock			
Opening Stock of Goods in Process	36,36,912		73,12,570
Less : Closing Stock of Goods in Process	56,31,235		36,36,912
		(19,94,323)	36,75,658
TOTAL		5,67,71,972	4,61,53,990

EMA INDIA LIMITED

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 as notified by the Central Government of India U/s 211(3C) of the Companies Act, 1956 and other pronouncements of the Institute of Chartered Accountants of India. The Company follows the mercantile system of accounting and recognizes 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 recognized in the period in which the results are known / materialized.

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

(g) SALES

Revenue from sales is recognized 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 related 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 realized gains and losses on foreign exchange transactions other than those relating to fixed assets are recognized in the Profit and Loss Account. Exchange differences in respect of liabilities incurred to acquire fixed assets are adjusted in the cost of such fixed assets.

(j) **EMPLOYEE RETIREMENT BENEFITS**

Company's contribution to Superannuation Scheme under Group Superannuation Scheme Policy with Life Insurance Corporation of India is charged to Profit & Loss A/c. Company's liability under Group Gratuity Cash Accumulation Policy with Life Insurance Corporation of India is provided for based on actuarial valuation made by Life Insurance Corporation of India. Company's contribution to Provident Fund, determined under the relevant scheme, is charged to Revenue. Short term Liability for accumulated earned leave encashment payable to employees at the end of the year is provided for.

(k) **BORROWING COSTS**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized 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 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 & 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 Company Rs. 3102648/- (Previous year Rs. 2342265/-). The bank has held Rs. 516192/- (Previous year Rs.1104381/-) 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. 571813/- (Previous year Rs. 571813/-) out of which Rs. 460109/- (Previous year Rs. 460109/-) 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 various labour cases filed, not acknowledged as debt since the amount is not ascertainable.

EMA INDIA LIMITED



3. 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.

4. INVESTMENTS :

LONG TERM

Quoted :	Nos. of fully paid-up Equity Shares/Units		Cost		Market Value	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Trade Investment :	Nos	Nos	Rs.	Rs.	Rs.	Rs.
IDFC MM Fund - Treasury Plan A	1,07,154.841	NIL	10,79,806	NIL	10,79,066	NIL
IDFC MM Fund - Treasury Plan D	655.820	NIL	6,548	NIL	6,559	NIL
G210 IDFC Arbitrage Fund	NIL	2,395.209	NIL	25,126	NIL	24,766
Franklin Templeton Floating	NIL	1,438.257	NIL	20,69,744	NIL	20,41,370
Ungquoted :						
DiaTech Tools India Pvt. Ltd.	NIL	2,49,000	NIL	24,90,000	NIL	NIL
EMA Megatherm Induction Equipments Pvt. Ltd.	50,000	50,000	5,00,000	5,00,000	NIL	NIL
TOTAL			15,86,454	50,84,870		

5. DEFERRED TAX

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 31.03.2011	As at 31.03.2010
(a) Deferred Tax Assets		
Related to Allowance/Disallowance under the I.Tax Act	1,65,33,981	1,23,62,130
(b) Deferred Tax Liability		
Related to Fixed Assets	(37,90,160)	(39,69,380)
(c) DEFERRED TAX ASSETS	<u>1,27,43,821</u>	<u>83,92,750</u>

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

	As at 31.03.2011	As at 31.03.2010
Design & Development Cost	4,28,383	6,42,574
Compensation on Employees Voluntary Retirement	1,09,268	1,83,904
Total	<u>5,37,651</u>	<u>8,06,478</u>

7. TAX ASSESSMENT

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 2007-08 & 2008-09 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 :

GOODS PRODUCED & SOLD	Qty.	2010-11		Qty.	2009-10	
		Rs.			Rs.	
Induction Heating Equipments *	8	2,14,98,159		7	1,51,48,599	
Tools, Spares & Upgrading etc.	Lot	2,55,25,672		Lot	2,01,79,783	
Total		<u>4,70,23,831</u>			<u>3,53,28,382</u>	

There is no opening or closing stock of goods produced.

EMA INDIA LIMITED



9. Details of Raw Materials Consumed :

	2010-11		2009-10	
	Qty.	Rs.	Qty.	Rs.
Sundry Structural, Electricals and Mechanical Components *	Lot	2,49,79,085	Lot	1,33,71,382
Total		2,49,79,085		1,33,71,382

* 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 & Components and Stores Consumed :

Particulars	2010-11		2009-2010	
	Rs.	%	Rs.	%
Raw Material				
Imported	66,62,444	26.67	56,54,961	42.29
Indigenous	1,83,16,641	73.33	77,16,421	57.71
Total	2,49,79,085	100.00	1,33,71,382	100.00

Consumable Stores Rs. 14,73,823/- (Previous year Rs. 10,27,315/-) are 100% indigenous.

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

PRODUCTS	Size	INSTALLED CAPACITY		ACTUAL PRODUCTION	
		2010-11	2009-10	2010-11	2009-10
Induction Heating Equipments (Units)	Large or	12	12	-	-
	Large/Small	20	20	8	7

12. C.I.F. VALUE

	2010-11	2009-10
Raw Material Imported	Rs. 56,76,766	Rs. 45,62,230

13. Expenditure in Foreign Currency

	2010-11	2009-10
Foreign Bank Charges	Rs. 26,928	Rs. 30,270
Travelling	Rs. 1,97,953	Rs. 56,586
Commission on Export Sales	Rs. 2,67,884	Rs. NIL

14. Earnings in Foreign Currency

	2010-11	2009-10
Export of Goods on F.O.B. Basis	Rs. 35,07,620	Rs. 21,00,485

EMA INDIA LIMITED



15. Remuneration to Directors

	2010-11 Rs.	2009-10 Rs.
i) Salaries	2256000	2256000
ii) Company's contribution towards funds	749894	749894
iii) Approximate money value of other perks	1500128	1457973
Total	<u>4506022</u>	<u>4463867</u>

Due to inadequacy of profits as per provisions of Section 198 of the Companies Act, 1956, no commission on profit is payable to Directors.

16. 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.

17. 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 based on actuarial valuation made by LIC as required in Accounting Standard-15 (revised 2005). As against total demand raised by LIC, the Company had paid/charged Rs. 4,67,265/- towards current service cost and incremental gratuity liability towards past services due to enhancement of limits amounting to Rs. 24,33,618/- is not provided for and shall be met as and when arise.

(B) **Leave Encashment** – Provision for leave encashment amounting to Rs.15,51,826/- has been made by the management.

(C) **Defined Contribution Plans** – During the year, the Company has recognized following amounts in the profit and loss account for employee benefits :

PARTICULARS	(Rs.)
Employer's Contribution to	
- Employee's Provident Fund	6,84,349
- Employee's Family Pension Scheme	7,27,890
- Employee's State Insurance Fund	4,64,863
- Employee's Group Insurance Scheme	69,326
- Employee's Superannuation Fund	4,30,720
Gratuity Fund –	
Contribution to LIC Group Gratuity Scheme towards current service cost	4,67,265
Leave Encashment –	
Debited to Profit & Loss A/c	2,16,022

18. Related Party Disclosures

As required under AS-18 issued by Institute of Chartered Accountants of India :-

- (i) Key Management Personnel - (a) Mr. P.K. Bhargava Chairman & Managing Director
& relatives (b) Mrs. Ranjana Bhargava Whole Time Director
(c) Ms. Rakshita Bhargava Director

(ii) Associate Companies

- (a) M/s DiaTech Tools India Pvt. Ltd.
(b) EMA Megatherm Induction Equipments Pvt. Ltd.

(iii) Summary of Transactions

Particulars :	Key Management Personnel & Relatives		Associates Companies		Other Directors	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Remuneration	45,05,022	44,63,867	NIL	NIL	NIL	NIL
Sitting Fees	18,000	18,000	NIL	NIL	44,000	44,000
Sale of Investments under buyback offer	NIL	NIL	12,45,000	NIL	NIL	NIL
Sale of Product	NIL	NIL	20,82,333	NIL	NIL	NIL
Sale of Assets	NIL	NIL	NIL	25,000	NIL	NIL
Lease Rent Received	NIL	NIL	NIL	96,000	NIL	NIL

19. 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.

20. EARNING PER SHARE (EPS)

	2010-11		2009-10	
(a) Net Loss for equity shareholders	Rs.	92,46,494	Rs.	74,26,382
(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.	(9.20)	Rs.	(7.39)

21. The Company is engaged in one segment only 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.

22. Previous year figures have been regrouped wherever necessary.

23. 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 : 17.05.2011

For and On behalf of the Board

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

K.D. GUPTA

Director

ATUL KAPOOR

Director

RAKSHITA BHARGAVA

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 2011**

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	- - - - 7 8 1 0 8	Total Assets	- - - - 7 8 1 0 8
Source of Funds		Reserves & Surplus	- - - - 5 5 2 5 2
Paid-up Capital	- - - - 1 0 0 5 0	Deferred Tax Liability	- - - - - - - 0
Secured Loans	- - - - 1 2 8 0 6		
Application of Funds		Investments	- - - - - 1 5 8 6
Net Fixed Assets	- - - - 1 9 8 5 6	Deferred Tax Assets	- - - - 1 2 7 4 4
Net Current Assets	- - - - 4 3 3 8 4	Misc. Expenditure	- - - - - 5 3 8

IV. Performance of Company

Turnover (Gross Revenue)	- - - - 4 4 9 6 5	Total Expenditure (Net)	- - - - 5 8 5 5 9
Loss Before Tax	- - - - 1 3 5 9 4	Loss After Tax	- - - - - 9 2 4 6
Earning per Share (Rs.)	(9.20)	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 **I N D U C T I O N H E A T I N G E Q U I P M E N T S**

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 : 17.05.2011

For and On behalf of the Board
P. K. BHARGAVA Chairman & Managing Director
RANJANA BHARGAVA Whole Time Director
K.D. GUPTA Director
ATUL KAPOOR Director
RAKSHITA BHARGAVA Director
S. S. GOYAL Vice President (Finance)

EMA INDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

A. CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Current Year Rs.	Previous Year Rs.
Net Loss before tax and extraordinary items		(1,35,93,648)	(1,04,63,080)
Adjustment for :			
Depreciation	17,08,406		18,41,939
Deferred Revenue Expenses written off	2,68,827		2,68,827
Interest Expenses	78,399		61,100
Loss on Sale of Investments	12,81,834		22,050
Profit on Sale/Disposal of Assets	(12,558)		(22,02,024)
Interest/Dividend Income	(2,43,605)		(2,92,830)
		<u>30,61,303</u>	<u>(3,00,938)</u>
Operating Loss before working capital changes		(1,05,32,345)	(1,07,64,018)
Adjustment for :			
Trade and other Receivables	18,11,790		31,34,773
Inventories	(43,19,838)		60,18,460
Provision for Doubtful Debts	0		4,39,671
Trade payable and other Liabilities	61,77,302		(4,76,078)
Additional Gratuity Contribution as per LIC Demand	0		(7,85,040)
		<u>36,69,254</u>	<u>83,31,786</u>
Cash generated from operations		(88,63,091)	(24,32,232)
Direct Taxes Paid (Net)		(91,858)	(91,370)
NET CASH FROM USED IN OPERATING ACTIVITIES		<u>(69,54,949)</u>	<u>(25,23,602)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(2,47,320)		(21,640)
Sale of fixed assets	1,31,429		25,09,765
Sale/(Addition) of Trade Investments (Net)	22,36,582		(26,816)
Interest/Dividend Income	2,43,605		2,92,830
NET CASH / FROM INVESTING ACTIVITIES		<u>23,64,296</u>	<u>27,51,139</u>
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings	12,32,103		18,98,690
Interest paid	(78,399)		(81,100)
NET CASH FROM FINANCING ACTIVITIES		<u>11,53,704</u>	<u>18,37,590</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		<u>(34,36,949)</u>	<u>20,65,127</u>
CASH AND CASH EQUIVALENTS			
Opening Balance as at 01.04.2010		1,61,67,726	1,41,02,599
Closing Balance as at 31.03.2011		<u>1,27,30,777</u>	<u>1,61,67,726</u>

As per our Report of even date attached

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

K. M. Gupta
Partner
(M. No. 70169)

Place : Kanpur
Date : 17.05.2011

For and On behalf of the Board

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

K.D. GUPTA Director
ATUL KAPOOR Director
RAKSHITA BHARGAVA Director

S. S. GOYAL Vice President (Finance)

EMA INDIA LIMITED



EMA INDIA LIMITED

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

May 17, 2011

Dear Shareholder,

Sub : e-mail address-Green Initiative Corporate Governance - Paperless Communication

Ref : Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 issued by the Ministry of Corporate Affairs, Government of India (MCA)

The Ministry of Corporate Affairs has taken "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies by way of dispensing with sending Physical Annual Reports of the Company and in lieu thereof sending the documents by e-mail to its Members. Accordingly in future the Company proposes to send its notice, annual report, etc., in electronic form to its Members in support of the said Green initiative of the MCA for which e-mail address of the shareholders is required to be registered with the Company.

Please note that the Annual Report/related documents to financial year 2010-11 has been despatched to the shareholders in physical form. However to enable the company to follow the Green Initiative in Corporate Governance, the Members are requested to comply with the following :

- a) Members holding equity shares of the Company in electronic form are requested to register / update their e-mail address with their DP.
- b) Members holding equity shares of the Company in physical form are requested to provide their e-mail address to the Company/RTA urgently.

Please note that as a Member of the Company you are always entitled to receive on request, copy of the said documents, free of cost, in accordance with the provisions of the Companies Act, 1956.

Thanking you for supporting this unique initiative and assuring you of our best attention at all times.

Yours Sincerely,
For EMA India Ltd.

P. K. Bhargava
Chairman & Managing Director

EMA INDIA LIMITED

EMA INDIA LIMITED



EMA INDIA LIMITED

PROXY FORM

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

D.P. Id.*

Registered Folio No.

Client Id.*

I/We of being a Member/Members of EMA INDIA LIMITED hereby appoint of or failing him/her of as

my/ our proxy to vote for me/us, and on my/our behalf, at the 40th Annual General Meeting to be held at the Registered Office of the Company at C-37, Panki Industrial Area, Kanpur - 208 022 on 30th September 2011 at 11.00 AM and at any adjournment thereof.

Signed this day of 2011.

*Applicable for investors holding shares in electronic form.



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

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.*

Registered Folio No.

Client Id.*

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

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

I hereby record my presence at the 40th Annual General Meeting of the Company being held on 30th September 2011 at 11.00 AM at Registered office of the company at C-37, Panki Industrial Area, Kanpur 208 022.

Signature of Shareholder/Beneficiary or Proxy

* Applicable for Investors holding shares in electronic form.

EMA INDIA LIMITED

TEAR HERE