

December 01, 2020

To,  
**BSE Limited**  
Listing Department  
Phiroze Jeejeebhoy Tower,  
Dalal Street, Fort,  
Mumbai - 400 001

Scrip Code - 504008  
ISIN - INE078A01026

To,  
**National Stock Exchange of India Limited**  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C-1, Block G,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051

Symbol - EMCO  
ISIN - INE078A01026

**Subject: Outcome of the Meeting of Resolution Professional held on Tuesday, 01<sup>st</sup> December 2020 at 10.00 A.M. IST.**

Dear Sir / Madam,

This is to inform you, pursuant to the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Resolution Professional ('RP') on 05th August 2020 has considered and approved the Audited Financial Results (Standalone) of the Company for the Quarter and Financial Year ended 31st March 2020.

The Audited Financial Results (Standalone) of the Company for the Quarter and Financial Year ended 31st March 2020 is enclosed herewith.

The Statement of Audited Financial Results (Standalone) of the Company for the Quarter and Financial Year ended 31st March 2020 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat (IBBI Registration no. IBBI/IPA-001/IP-P00077/2017-18/10162) based on data provided by the Accounts Department and supervised by Mr. Ganesh Tawari (CFO) of EMCO Limited. It is pertinent to note that the Resolution Professional made all practicable and reasonable efforts from time to time to facilitate information/data from the officials of the Company in relation to the preparation of the statements of the company and also the information required by the auditors for the purpose of carrying out the audit of the results of the company. It is to be noted that the statements up to the year of 30th September 2019 as well as information provided to the auditors for the purpose of audit of the same, pertain to the year prior to the appointment of the Resolution Professional and therefore, while facilitating the collection and dissemination of the said information, the Resolution Professional has relied upon and assumed the accuracy/veracity of the data/information provided by the officials of the company, suspended directors, and the records of the company made available to the Resolution Professional, which the Resolution Professional has assumed are in conformity with the applicable law and present a true and fair view of the position of the company as of the dates and for the year indicated

**EMCO LIMITED**  
CIN: L31102MH1964PLC013011

**Transformer Division**  
**Power Transformer SBU**  
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therein. The RP has not personally verified the information provided by the officials of the company and has placed confidence in the data/information provided to him of the previous years. Accordingly, the Resolution Professional shall be absolved from the accuracy, veracity and sufficiency or completeness of such information. Readers and users of these statements/statements are advised to do their due diligence before arriving at any conclusions. The Resolution Professional has signed the results to facilitate the CIRP Process and facilitate the statutory requirements without any liability of the same.

The Company has not prepared and presented Consolidated Ind AS Statement for the period ended March 2020 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries.

The meeting was commenced at 10.00 a.m. and concluded at 07.25 p.m.

You are requested to take the same on record.

Thank You,  
**Yours Sincerely,**

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**SUNDARESH BHAT**

Resolution Professional in the matter of CIRP of EMCO Limited

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**IBBI Registration no.** IBBI/IPA-001/IP-P00077/2017-18/10162

**IBBI Registered Email:** [sundareshbhat@bdo.in](mailto:sundareshbhat@bdo.in)

**IBBI Registered Address and Insolvency Profesional Entity:** BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

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**Independent Auditors' Report on Audit of Standalone Annual Financial Results of EMCO Limited  
PURSUANT TO REGULATION 33 OF THE Securities and Exchange Board of India I (LISTING  
OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To the Insolvency Professional  
EMCO Ltd.

**Qualified Opinion**

We have (a) audited the accompanying Standalone Financial Results for the year ended 31 March, 2020 and (b) reviewed the Standalone Financial Results for the quarter ended 31 March, 2020 (refer 'Other Matters' section below), which were subject to limited review by us, both included in the accompanying 'Statement of Standalone Financial Results for the Quarter and Year Ended 31 March, 2020' (the Statement) of EMCO Ltd. (the "Company"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

The Honorable National Company Law Tribunal, Mumbai ('NCLT') on July 22, 2019 admitted the Corporate Insolvency Resolution Process ('CIRP') application filed against the Company and appointed Mr. Kedarram Ramratan Laddhas the Interim Resolution Professional ('IRP') in terms of the Insolvency and Bankruptcy Code, 2016 ('the Code'). Further, the committee of creditors constituted during the CIRP in its first meeting held on September 16, 2019, has appointed Mr. Sundaresh Bhat as the RP to manage the affairs of the Company. In accordance with Section 22(b) of IBC, an application for confirmation of Mr. Sundaresh Bhat as the RP of Company was filed with the Hon'ble NCLT Mumbai. The Hon'ble NCLT Mumbai vide its order dated 14 October 2019 (written order made available on 11 November 2019) ('RP Confirmation Order'), confirmed the appointment of Mr. Sundaresh Bhat as the Resolution Professional of Company. In view, of the pendency of the CIRP, the power and responsibilities of the Board of Directors shall vest with the RP under the provision of the Code.

In our opinion and to the best of our information and according to the explanations given to us, the standalone Financial Result for the year ended 31 March, 2020:

- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- (ii) ***except for the effects/possible effects of the matter prescribed in the basis for qualified opinion paragraph below (including non-quantification for the reasons stated therein),*** gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and total comprehensive loss and other financial information of the Company for the year then ended.

**Basis for Qualified of Opinion :****Attention is drawn to:**

- a. Input Tax credit on Goods and Services tax has been accounted as receivable. However, no periodic reconciliation of books and returns are maintained by the company for the pre Corporate Insolvency Resolution Process (CIRP) period. GST input tax credit at the year ended is stated as per the input tax credit available on the GST portal. In the absence of adequate records and reconciliation between books and returns up to the CIRP date, we are not able to comment on the accuracy of the amount pertaining to the pre CIRP date and included in the GST receivable as at 31 March 2020
- b. Internal Controls – The Company is under CIRP from August 16, 2019 where all the powers of the management were vested with the RP appointed under the Insolvency and Bankruptcy Code, 2016. The transactions undertaken by the RP are ratified / approved / sanctioned in the meeting of the Committee of Creditors.  
However the company did not have documented control framework which includes standard operating process for various areas of operations, risk control matrices, etc. and also due to the inability of the management to substantiate that there were adequate internal control that exist and operates effectively for various balances brought forward from the earlier years and transactions up to the CIRP date, we are unable to comment on the presence and effectiveness of internal controls for balances pertaining to earlier years and carried forward in the current year and for transactions up to the CIRP date. However, it is pertinent to note that there were no material operations during the year.

As stated above in para (a) and (b) above, impact of the qualification is unascertainable in the opinion of the management. Also considering the fact that the company is under CIRP, all the claims will be including that from statutory authorities will be routed as per the provision of the Insolvency and Bankruptcy Code, 2016.

We conducted our audit of the Statement in accordance with the Standards on Auditing (“SA”)s specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

## Emphasis Matter

**We draw attention to the following matters in the standalone financial results:**

**1. Going Concern:**

As depicted in Note no. 4 of the standalone audited financial results, all the manufacturing activities of all the plants of the Company have been discontinued due to non-availability of funds. Also, since there has been no improvement in the position of the funds it casts material uncertainty about the functionality of all the plants in the foreseeable future.

The Company has accumulated losses of INR 202,387.00 Lakhs and the Company has registered net loss of INR 159,290.62 Lakhs during the year ended 31 March 2020 and of INR 33,910.91 Lakhs for the previous year (FY 2018-19) (including provision for finance cost and depreciation).

The Resolution Professional and the COC have attempted to find an acceptable resolution plan to continue the company as a going concern. However, in view of resolution plans received not being accepted, the COC in its meeting held on 19th October, 2020 has resolved to liquidate the company. Consequently, an application for the liquidation of the company has been filed with the NCLT and the matter is sub judice.

The Company also has accumulated losses resulting in substantial erosion of its net worth and has incurred net cash losses in the current and in preceding financial years. The current liabilities of the Company exceeded its current assets as at the balance sheet date and also there is prolonged suspension of operations at all the Plants.

All the above events cast significant uncertainty on the ability of the company to continue as a going concern in the foreseeable future and hence the financial results of the company are prepared on a non-going concern basis.

- 2.** The Company has not prepared and presented condensed consolidated financial results for the period ended 31 March 2020 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries and associates. Refer note No. 10 of the standalone audited financial results.
- 3.** The management has not provided for penalty and interest on various statutory dues pertaining to the pre CIRP period and outstanding as at the quarter and year-end. As per the provision of Insolvency and Bankruptcy Code, 2016 all the dues payable to various governmental authorities for the pre CIRP period will be routed only through claims submitted by the respective authorities and hence the interest and penalty is currently not quantified and provided for in the books of accounts. Refer note No. 34 of the standalone audited financial results.
- 4.** On account of loans being reclassified as Non-Performing Assets (NPA) by all lenders, interest has been provided for in the books of accounts:  
Pre CIRP date interest is calculated on the basis of actual claim received from the financial creditors and included in the respective facility

Page 3 of 9

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Post CIRP date interest is calculated at the rates charged by banks on actual basis and where interest is not charged by the bank, the same is provided at the rates used by the banks prior to CIRP date including penal interest as applicable for each facility availed by the company. Refer note No. 24 of the standalone audited financial results.

5. During the year company has not provided for any onerous contracts except revenue contract with customers. As the company is in the CIRP, claim in respect of onerous contract, if any, will only be through claims submitted as per the provision of the IBC, 2016. As the operational claims are not reinstated in the books, no provision is currently made in the books of accounts. Refer note No. 26 of the standalone audited financial results.
6. As depicted in Note No. 17, Company has during the provided for salary cost of INR 1,012.29 Lakhs in relation to employee whose salary is not treated as CIRP cost. As the company is under moratorium as per section 14 of the IBC, 2016 the payment in respect of the salary (other than those treated as CIRP cost) including employee and employer share of Provident Fund, Employees State Insurance Scheme, Labour Welfare Fund, Profession Tax, has been deducted and provided for but not paid as the same will be routed through claims as per the provision of the Code.
7. As depicted in Note No. 28, Tax Assets amounting to INR 2,381.56 lakhs is impaired during the year on the basis of management estimates. Tax Assets amounting to INR 418.04 Lakhs representing withholding taxes receivable are retained based on reasonable certainty of its collectability.
8. As depicted in Note No. 18, the company has not calculated and provided for contribution to provident fund based on the Supreme Court ruling to include all fixed components to derive the amount of contribution to the fund for the pre CIRP period. Any claim from the PF authorities for any liability that may arise on account of this amendment will be routed through claim as per the provision of the IBC, 2016.
9. As depicted in Note No. 20, the Company has not obtained valuation from an actuary as required by Ind AS 19 "Employee Benefits" as the standalone audited financial results have been prepared on a non-going concern basis and thus the liability for gratuity and compensated absences are provided for on actual basis and not on the basis of actuarial valuation.
10. As depicted in Note No. 8, the amount payable to operational creditors including governmental authorities, workmen and employees up to the date of initiation of CIRP is not reinstated basis the claim received and admitted from the respective creditors.
11. As depicted in Note No. 25, in relation to employee stock option that had not lapsed, most of the employees eligible for the option are no longer associated with the company. Further, the existing employees to whom the ESOP options were allotted have given up their right vide letter dated 31st March 2020. Considering the above scenario and the fact that the company has filed liquidation application with the honourable NCLT, the management has decided to forfeit the

ESOP options and reverse the ESOP reserve outstanding as on the reporting date. The liability for the same has been transferred to General reserve in the statement of equity.

12. As depicted in Note No. 13 & 14, Company has written off deferred tax asset to the extent of INR 34,232.78 Lakhs in the absence of reasonable certainty on future taxable profits for utilization of this asset. Further, the company has also written off MAT credit entitlement to the extent of INR 501.08 Lakhs, as it is not probable that taxable profits will be available during the specified period against which this credit can be utilized.
13. As depicted in Note No. 29, the management has tested its trade receivable for expected credit loss as per Ind AS 109 and has made an additional provision of INR 32,718.80 Lakhs towards lifetime ECL.
14. As depicted in Note No. 15, Basis the management assessment, unbilled revenue amounting to INR 5,419.85 Lakhs has been written off during the year due to lack of certainty on collectability of the amount.

#### 15. Sale of Solar power plant

During the year, Solar Photovoltaic Grid Interactive Power Plant of 5MW capacity (Secured Asset) located in the state of Gujarat was sold by the Axis bank owing to continuous defaults committed by Company on the ECB facility availed for setting up the plant.

Bank initiated legal action for recovery of its dues against Company and issued demand notice under SARFAESI Act calling upon the borrower to repay outstanding amount. Due to failure to pay outstanding dues, Bank put secured asset for sale and asset was sold through E- Auction for a consideration of INR 1,715.00 Lakhs on 30 April 2019 i.e. prior to the CIRP date. As the secured assets was sold as a single unit i.e. all undisputed assets & liabilities pertaining to power plant were transferred to the purchaser, the transaction has been treated as slump sale.

Loss on sale of plant amounting to INR 1,709.10 Lakhs is reported as an exceptional item in the Statement of Profit & Loss. Refer note 16 of the standalone audited financial results.

16. Bank Guarantee (BG) in the nature of Performance BG and Advance BG has been invoked by customers during the year ended 31 March 2020.

Advance Bank Guarantee invoked during the period is INR 6,346.50 Lakhs. Out of this, INR 311.16 Lakhs is charged to Statement of Profit and Loss, amount of INR 4,618.62 Lakhs has been adjusted against the customer advances and balance amount of INR 1,260.39 Lakhs is retained as receivable based on management assessment of these amounts.

Performance Bank Guarantee invoked during the quarter is 5.45 Lakhs and period is INR 8,143.23 Lakhs. Out of this INR 4,979.76 Lakhs is charged to statement of profit and loss, INR 3,004.83 Lakhs is retained as receivable based on management assessment of these amounts and balance amount of INR 158.64 Lakhs is recovered from the customer. Refer note No. 22 of the standalone financial results.

17. As depicted in Note No. 19, Basis the physical verification conducted by the management for the stock of raw material, work in process, finished goods, stores, spares and packing material, an amount of INR 6,344.61 Lakhs has been written off on account of stock physically not present.

Diminution in the value of stock on account of valuation at lower of cost or net realizable value is INR 2,791.51 Lakhs.

18. Management has reviewed for the indicators of impairment on the PPE, intangible assets and CWIP and accordingly Company has impaired PPE, Intangibles and CWIP by INR 8,592.88 Lakhs. Refer note No. 12 of the standalone financial results.
19. Company has during the year also provided for impairment allowance for various class of assets, investments, loans and advances and other receivables based on the valuation reports received from valuers appointed during the CIRP and management estimates. Aggregate impairment allowance recorded in the books for the year under audit is INR 43,838.97 Lakhs. Refer Note No 27 & 28.
20. As depicted in Note No. 35, following are the summary of transactions falling with the meaning of section 43 to section 66 of the Insolvency and Bankruptcy Code, 2016

Sr No.	EMCO Funds Transferred to	Relevant Time Period	Amount Involved (In Crs)
1	Yuson's Investment Pvt. Ltd.	2010-11 to 2017-18	10.65
2	EMCO Overseas Pte Ltd.	2007-08 to 2018-19	126.00
3	EMCO Power Ltd.	2009-10 to 2017-18	101.00
4	EMCO Global DMCC	Mar-19	5.33
5	Various parties through LC devolvement	2015-16 to 2017-18	212.9
	<b>Total</b>		<b>455.17</b>

## 21. Opening Balances

The financial statements of the Company for the corresponding year ended March 31, 2019 were audited by the predecessor Statutory Auditor, M/S. Chaturvedi & Shah LLP, who expressed unmodified opinion vide their report dated May 30, 2019 and reliance has been placed by us on the same for the purpose of this report. We have been appointed as the Statutory Auditors of the Company vide resolution dated January 8, 2020 of the Committee of Creditors ('COC') meeting. We have performed our audit on the basis of books of accounts and other relevant records produced before us after the date of our appointment and on the basis of explanation and information provided to us by the Company and are not responsible for any events that occurred prior to our appointment

## Management's Responsibilities for the Standalone Financial Results:



This Statement, is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related standalone audited financial results for the year ended 31 March, 2020. The Company's Board of Directors are responsible for the preparation and presentation of the Standalone Financial Results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

As the company is under the Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016, all the powers of the board are vested with the Resolution professional.

### Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Standalone Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of annual financial statements on whether the company has adequate internal financial control with reference to financial statements in place and the operating effectiveness on such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone annual financial results made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Standalone Financial Results, including the disclosures, and whether the Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Standalone Financial Results of the Company to express an opinion on the Standalone Financial Results.

Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Standalone Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the purpose of this review, we have relied upon the standalone financial results provided to us by the RP. It is noteworthy that the RP has inserted a note, as part of notes to accounts, set out in Note No. 6, as per which he has assumed that the data/ information provided by the officials of the Company and the records of the Company made available to him are in conformity with the applicable laws and present a true and fair view of the position of the Company and has not personally verified such information; and that he should be absolved from the accuracy, veracity and sufficiency or completeness of information provided to him by the officials of the Company basis which the standalone financial results have been prepared. As per the said note, the RP has signed the standalone audited financial results only to facilitate the CIRP process without any liability of the same. To the extent the RP has disclaimed his liability with respect to accuracy, veracity and sufficiency or completeness of information provided to him by the officials of the Company, the standalone audited financial results may suffer from issues of accuracy, veracity, sufficiency, completeness or reliability. [Relevant observations upon the extent of veracity of the standalone audited financial results have been made in the basis of qualified opinion paragraph above.]

#### Other Matters:

The standalone financial results include the results for the quarter ended 31 March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Our report on the Statement is not modified in respect of this matter.

For **JHS Associates LLP**  
Chartered Accountants  
Firm Registration No: 133288W / W100099

Tasnim Tankiwala  
Partner  
Membership No: 108263

Date: 01 December 2020  
Place: Mumbai

UDIN: 20108263AAAAAL9565

**EMCO LIMITED**

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**STATEMENT OF STANDALONE FINANCIAL RESULTS  
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020  
CIN:L31102MH1964PLC013011**

(INR in Lakhs)

Sr. No.	PARTICULARS	STANDALONE				
		Quarter ended			Year ended	
		31-Mar-2020	31-Dec-2019	31-Mar-2019	31-Mar-2020	31-Mar-2019
		Unaudited	Unaudited	Unaudited	Audited	Audited
1	Income					
	(a) Gross Sales/ Income from Operations	437.62	80.78	4,189.91	2,769.77	21,300.75
	(b) Other Income	-	-	-	148.22	31.39
	Total Income (a + b)	437.62	80.78	4,189.91	2,917.99	21,332.14
2	Expenses					
	(a) Cost of materials consumed	2,017.82	5,463.79	6,626.38	9,704.75	20,489.83
	(b) Purchases of Stock in Trade	-	-	-	-	-
	(c) Changes in inventories of finished goods and work-in-progress	1,206.41	5.05	1,682.17	1,195.24	3,283.97
	(d) Excise duty recovered	-	-	-	-	-
	(e) Employee benefits expense	429.36	207.55	641.08	1,557.95	2,776.84
	(f) Finance costs (Net)	9,579.00	4,646.19	5,614.03	24,773.60	15,695.78
	(g) Impairment Allowance	52,431.85	-	-	52,431.85	-
	(h) Depreciation and amortisation expense	294.64	304.05	394.88	1,246.78	1,621.43
	(i) Other expenses	(1,826.29)	36,901.72	23,501.81	44,677.94	25,711.14
	Total Expenses (a) to (h)	64,132.79	47,528.35	38,460.35	1,35,588.11	69,578.99
3	Profit / (Loss) before exceptional item and tax(1-2)	(63,695.17)	(47,447.58)	(34,270.44)	(1,32,670.12)	(48,246.85)
4	Exceptional Items	-	-	-	1,709.10	-
5	Profit / (Loss) before tax	(63,695.17)	(47,447.58)	(34,270.44)	(1,34,379.22)	(48,246.85)
6	Tax Expenses	(2,557.11)	-	(10,152.78)	24,410.32	(14,333.20)
7	Mat Credit Expenses	-	-	-	501.08	-
8	Net Profit / (Loss) for the period	(61,138.06)	(47,447.58)	(24,117.66)	(1,59,290.62)	(33,913.65)
9	Other Comprehensive Income (OCI) (Net of tax)	-	-	-	-	2.74
10	Total Comprehensive Income (TCI)	(61,138.06)	(47,447.58)	(24,117.66)	(1,59,290.62)	(33,910.91)
11	Paid-up Equity Share Capital (Face value of INR 2 each)	1,358.19	1,358.19	1,358.19	1,358.19	1,358.19
12	Other Equity	-	-	-	-	(7,309.77)
13	Earnings Per Share (EPS)*					
	1. Basic EPS after exceptional items (INR/share)	(90.03)	(69.87)	(35.51)	(234.56)	(49.94)
	2. Diluted EPS after exceptional items (INR/share)	(90.03)	(69.87)	(35.51)	(234.56)	(49.94)
	(* Not Annualized for the Quarter)					

**Standalone Statement of Assets & Liabilities as on 31 March 2020**

(INR in Lakhs)

Particulars	Standalone	Standalone
	31-Mar-20	31-Mar-19
<b>A. ASSETS</b>	<b>Audited</b>	<b>Audited</b>
1 Non-Current Assets		
(a) Property Plant & Equipment	-	19,629.04
(b) Capital work in progress	-	142.02
(c) Other intangible assets	-	727.82
(d) Investment in Subsidiaries	-	9,937.29
(e) Financial Assets		
(i) Investments	-	713.29
(ii) Loans	-	8.60
(iii) Others	-	174.50
(f) Deferred Tax Asset (net)	-	24,908.31
(g) Tax Asset	418.04	2,771.89
(h) Other Assets	1,773.74	6,106.73
<b>Sub-Total of Non Current Assets</b>	<b>2,191.78</b>	<b>65,119.49</b>
2 Current assets		
(a) Assets held for sale	7,184.54	-
(b) Inventories	672.22	10,388.88
(c) Financial Assets		
(i) Other Investments	676.61	
(ii) Trade receivables	3,720.42	32,782.43
(iv) Cash & Cash equivalents	88.77	145.22
(v) Other bank balances	237.12	454.30
(vi) Loans	334.75	15,067.50
(vii) Others	236.39	138.10
(d) Other Assets	2.13	10,367.64
<b>Sub-Total Current Assets</b>	<b>13,152.94</b>	<b>69,344.07</b>
<b>Total - ASSETS</b>	<b>15,344.71</b>	<b>1,34,463.56</b>
<b>B. EQUITY AND LIABILITIES</b>		
1 EQUITY		
(a) Equity Share Capital	1,358.19	1,358.19
(b) Other Equity	(1,66,600.39)	(7,309.77)
<b>Sub-Total Equity</b>	<b>(1,65,242.20)</b>	<b>(5,951.58)</b>
2 Non-Current Liabilities		
(a) Financial Liabilities		
Borrowings	-	666.96
Deferred Tax Liabilities (net)	-	-
(b) Provisions	-	144.64
(c) Other liabilities	-	-
<b>Sub-Total Non Current Liabilities</b>	<b>-</b>	<b>811.60</b>
3 Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,39,501.72	87,645.99
(ii) Trade Payables		
Dues to micro and small enterprises	-	340.51
Others	14,383.09	14,127.80
(iii) Other Financial liabilities	21,268.34	28,348.54
(b) Deferred Tax Liabilities	3.09	-
(b) Other Current Liabilities	4,970.20	8,891.76
(c) Provisions	460.47	248.95
<b>Sub-Total Current Liabilities</b>	<b>1,80,586.91</b>	<b>1,39,603.55</b>
<b>Total - EQUITY AND LIABILITIES</b>	<b>15,344.71</b>	<b>1,34,463.56</b>

For **JHS Associates LLP**  
Chartered Accountants  
Firm Registration No: 133288W / W100099

For **EMCO LIMITED**

**Tasnim Tankiwala**  
Partner  
Membership No: 108263

**Ganesh Tawari**  
Chief Financial Officer  
& Company Secretary  
ICSI. M.No. A12896

**SUNDARESH BHAT**  
**Resolution Professional of EMCO Limited (in CIRP)**  
Communications Email Address: [RPEMCO@bdo.in](mailto:RPEMCO@bdo.in)  
Website: [www.emco.co.in](http://www.emco.co.in)

Place : Mumbai

Date : 1st December 2020

IBBI Registration no. IBBI/PA-001/IP-P00077/2017-18/10162  
[IBBI Registered Email: sundareshbhat@bdo.in](mailto:sundareshbhat@bdo.in)  
IBBI Registered Address: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA  
Insolvency Professional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA



	Year ended 31st March 2020	Year ended 31st March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit/(Loss) before tax	(1,34,379.22)	(48,246.85)
Adjustments for		
Depreciation and amortisation	1,246.78	1,621.43
Unrealised foreign exchange Loss /(Gain)	(1,416.96)	398.00
Interest expenses	24,795.71	15,695.78
Interest Income	(22.11)	(131.35)
Sundry balance written-off / (back) (net)	5,442.34	2,544.64
MAT Credit Entitlement	-	-
Provision for doubtful debts	-	18,622.08
Provision for diminution in fair value of Assets (Impairment)	52,431.84	1,200.00
Changes in fair value of investment	-	266.10
Provision for Warranty	(133.55)	39.56
Employee stock compensation expense	-	-
Actuarial (Gain)/loss on post employment benefit obligations	-	(2.74)
(Gain)/Loss on sale of fixed assets (net)	21.08	(5.67)
<b>Operating Profit before Working Capital Changes</b>	<b>(50,304.98)</b>	<b>(7,999.02)</b>
Adjustments for		
Trade and other payables	(4,091.22)	(13,157.19)
Trade and other receivables	22,137.07	15,171.49
Inventory	9,716.66	5,869.18
<b>Cash generated from Operations</b>	<b>(22,542.47)</b>	<b>(115.54)</b>
Direct taxes paid	(27.07)	(646.16)
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<b>(22,569.54)</b>	<b>(761.70)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Acquisition of PPE	-	(87.95)
Sale proceeds of PPE	1,744.11	67.55
Movement in other bank balances	239.29	(66.52)
(Purchase)/Proceeds from sale of Investments	-	-
Purchase of Investments in subsidiaries	-	-
Advances given (Refer Note 42)	-	-
Interest income from related parties	-	-
<b>Net Cash inflow / (outflow) from Investing Activities</b>	<b>1,983.40</b>	<b>165.46</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of share	-	-
Proceeds of Long term borrowings	-	-
Repayment of Borrowings/Working capital facilities	(1,768.54)	(378.08)
Proceeds from Corpus Fund (Refer Note 20)	62.67	-
Increase/(decrease) in short term borrowings	2,432.18	-
Interest expense	-	-
Bank Gurantee Invoked (Refer Note 56)	19,803.38	-
Dividend paid during the year including dividend tax	-	-
<b>Net Cash inflow / (outflow) from Financing Activities</b>	<b>20,529.69</b>	<b>(378.08)</b>
Net increase in Cash and Cash Equivalents	(56.44)	(974.32)
Cash and Cash Equivalents at the beginning of the year	145.22	1,119.54
<b>Cash and Cash Equivalents at the end of the year</b>	<b>88.77</b>	<b>145.22</b>
<b>Reconciliation of the Cash &amp; Bank</b>		
Cash and cash equivalents (As per Note 10)	325.89	599.52
Less- Margin Money Deposit against Bank Guarantee	234.46	451.64
Less- Unclaimed Dividend Account	2.66	2.66
<b>Cash and Cash Equivalents at the end of the year</b>	<b>88.77</b>	<b>145.22</b>

Notes:-

- The above cash flow statement has been prepared under the "Indirect Method" as per Indian Accounting Standard (Ind AS) 7.
- Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our report of even date

For and on behalf of Board

**JHS Associates LLP**

Chartered Accountants

Firm Registration No: 133288W / W100099

**SUNDARESH BHAT**  
Resolution Professional of EMCO Limited (in CIRP)

Communications Email Address: RPEMCO@bdo.in  
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**Tasnim Tankiwala**

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Insolvency Professional Entity: BDO Restructuring Advisory LLP, Level 9, The Ruby, North West Wing, Senapati Bapat Road, Dadar (W), Mumbai 400028, INDIA

**Ganesh Tawari**  
Chief Financial Officer

& Company Secretary

ICSI. M.No. A12896

**NOTES TO THE STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND PERIOD 31 MARCH 2020**

- 1 The above standalone audited results have been prepared, reviewed, and approved by the CFO and thereafter taken on record by the Insolvency Resolution Professional at their meetings held on 1st December 2020. The Statutory Auditors of the Company have carried out a Limited Review of the financial results for the quarter ended 31 March 2020 and Audit of the financial statements for the year ended 31 March 2020.
- 2 The Honorable National Company Law Tribunal, Mumbai ("NCLT") on 22 July 2019 admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against the Company and appointed Mr. Kedarram Ramratan Laddha as the Interim Resolution Professional ("IRP") in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Further, NCLT vide order dated 02 January 2020, excluded the period of time between 22 July 2019 to 15 August 2019 and pronounced new date of commencement of CIRP of the Company as 16 August 2019 ("ICD"). Further, the committee of creditors constituted during the CIRP in its first meeting held on 16 September 2019, has appointed Mr. Sundaresh Bhat as the RP to manage the affairs of the Company. In view, of the pendency of the CIRP, the power and responsibilities of the Board of Directors shall vest with the RP under the provision of the Code.
- 3 **Initiation of Corporate Insolvency Resolution Process (CIRP):**  
Jet Roadlines (India) Pvt. Ltd., in its capacity as the operational creditor of EMCO Limited ("EMCOL" or "Corporate Debtor"), filed an application under Section 9 of the Insolvency and Bankruptcy Code ("IBC"), 2016 read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 before the Hon'ble Adjudicating Authority, i.e. National Company Law Tribunal, at Mumbai ("Hon'ble NCLT Mumbai") for initiation of Corporate Insolvency Resolution Process ("CIRP") for the Corporate Debtor under the provisions of the Insolvency and Bankruptcy Code 2016. The said Application of Jet Roadlines has since been admitted by the Hon'ble NCLT Mumbai vide its order dated 22 July 2019 ("Order") and the CIRP has commenced from the date of the order.
- The Hon'ble NCLT Mumbai vide its order dated 22 July 2019 ("CIRP Commencement Order") inter alia appointed, Mr. Kedarram Ramratan Laddha having registration number IBB/I/PA- 001/TPP00586/2017-18/11115 as the Interim Resolution Professional ("IRP") of the Corporate Debtor to conduct the CIRP and to exercise all powers and subject and carry out all duties as envisaged under the provisions of the IBC.
- Further, NCLT vide order dated 02 January 2020, excluded the period of time between 22 July 2019 to 15 August 2019 and pronounced new date of commencement of CIRP of the Company as 16 August 2019 ("ICD").
- The Committee of Creditors constituted by the IRP, at its first meeting convened on 16 September 2019, resolved with requisite majority to replace the IRP with Mr. Sundaresh Bhat, Insolvency Professional having IBB registration no. IBB/I/PA-001 /IP-N00077/2017-18/10162 as the Resolution Professional of EMCOL. In accordance with Section 22(b) of IBC, an application for confirmation of Mr. Sundaresh Bhat as the RP of EMCOL was filed with the Hon'ble NCLT Mumbai. The Hon'ble NCLT Mumbai vide its order dated 14 October 2019 (written order made available on 11 November 2019) ("RP Confirmation Order"), confirmed the appointment of Mr. Sundaresh Bhat as the Resolution Professional of EMCOL.
- However, in view of resolution plans not being received, the COC has resolved on 19th October, 2020 to liquidate the company. Consequently, an application for the liquidation of the company has been filed with the NCLT and the matter is sub judice.
- 4 **Going Concern:**  
All the manufacturing activities of all the plants of the Company have been discontinued due to Non availability of funds. Also, since there has been no improvement in the position of the funds it casts material uncertainty about the functionality of all the plants soon.  
The Company has accumulated losses of INR 202,387.00 Lakhs and the Company has registered net loss of INR 159,290.62 Lakhs during the year ended 31 March 2020 and of INR 33,910.91 Lakhs for the previous year (FY 2018-19) (including provision for finance cost and depreciation). The Resolution Professional and the COC have attempted to find an acceptable resolution plan to continue the company as a going concern. However, in view of no resolution plans being received, the COC has resolved on 19th October, 2020 to liquidate the company. Consequently, an application for the liquidation of the company has been filed with the NCLT and the matter is sub judice.  
The Company also has accumulated losses resulting in substantial erosion of its net worth and has incurred net cash losses in the current and in preceding financial years. The current liabilities of the Company exceeded its current assets as at the balance sheet date and also there is prolonged suspension of operations at all the Plants.  
All the above events cast significant uncertainty on the ability of the company to continue as a going concern in the foreseeable future and hence the financial statements of the company are prepared on a non going concern basis.
- 5 **Basis of preparation**  
The results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the Act").  
The results are not prepared on going concern assumption as the liquidation application is filed per decision of COC meeting dated 19th October 2019.
- 6 The above Statement of Standalone unaudited results for the Quarter and standalone audited financial results for the year ended March 31 2020 ("the Statement") has been reviewed by the Insolvency Resolution Professional Mr. Sundaresh Bhat (IBBI Registration no. IBB/I/PA-001/IP-P00077/2017-18/10162) based on data provided by the Accounts Department and supervised by Mr. Ganesh Tawari (CFO of EMCO Limited). It is pertinent to note that the Resolution Professional made all practicable and reasonable efforts from time to time to facilitate information/data from the officials of the Company in relation to the preparation of the statements of the company and also the information required by the auditors for the purpose of carrying out the audit of the results of the company. It is to be noted that the statements up to the year of 30th September 2019 as well as information provided to the auditors for the purpose of audit of the same, pertain to the year prior to the appointment of the Resolution Professional and therefore, while facilitating the collection and dissemination of the said information, the Resolution Professional has relied upon and assumed the accuracy/veracity of the data/information provided by the officials of the company, suspended directors, and the records of the company made available to the Resolution Professional, which the Resolution Professional has assumed are in conformity with the applicable law and present a true and fair view of the position of the company as of the dates and for the year indicated therein. The RP has not personally verified the information provided by the officials of the company and has placed confidence in the data/information provided to him of the previous years. Accordingly, the Resolution Professional shall be absolved from the accuracy, veracity and sufficiency or completeness of such information. Readers and users of these statements/statements are advised to do their due diligence before arriving at any conclusions. The Resolution Professional has signed the results to facilitate the CIRP Process and facilitate the statutory requirements without any liability of the same.
- 6 The Company is in the business of manufacturing Transformers and execution of projects related to power transmission and as such there are no separate reportable operating segments as defined by Ind AS 108- "Operating Segments. For management purposes the Company has only one reportable segment as follows: Transmission and Distribution Segment within Power Sector.
- 7 As the financial results of the company are prepared on the non going concern assumption, all the leases existing as on 1 April 2019 are treated as short term leases by the company. Accordingly the company has availed exemption as per para 5 of Ind AS 116 'Leases'. Rent if any, paid on this short term leases is accounted as an expense on straight line basis in the statement of profit and loss. As the company is not a going concern, the advance rentals shown above under the heading 'Leasehold land' is currently transferred and shown as asset held for sale.  
The leasehold land can be assigned to third party with the prior approval of Lessor.
- 7 In respect of Company's Bank balances & Borrowings from banks and financial institutions balance confirmation as at 31 March 2020 has been received from all the banks except for some Dormant/Inactive accounts.
- 8 As a part of CIRP, creditors of the company were called upon to submit their claims to the RP in terms of the applicable provisions of Insolvency and Bankruptcy Code, 2016. Trade payables and employees and workers payable are not reinstated on the basis of the Operational Claims and Worker and employee claims received under Corporate Insolvency Resolution Process due to certain practical difficulties. However, Financials claims have been reinstated in the books to the extent they are fund based as on 16th August 2020. The final amount accepted under Insolvency and Bankruptcy Code, 2016 is available on the company's website and summarised as below.

Particulars	Amount claimed	Amount admitted	Amount in Lakhs	
			Amount rejected	
Financial Creditors	1,58,808.96		1,56,040.46	2,768.50
Operational Creditors	26,722.07		8,920.02	17,802.05
Workmen and employees claims	4,526.40		1,178.38	3,348.02
<b>TOTAL</b>	<b>1,90,057.43</b>		<b>1,66,138.86</b>	<b>23,918.57</b>

- 9 As the results are prepared on a non going concern basis all the assets and liabilities are classified as current except, amount receivable from statutory authorities.

**10 Consolidation:**

The Company has not prepared and presented Consolidated Ind AS Statement for the Quarter and Period ended 31 March 2020 as required under Section 129 sub-section 3 of the Companies Act, 2013 due to non-availability of financial information of subsidiaries.

**11 Impairment of Assets**

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/ cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net-selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting years may no longer exist or may have decreased.

Based on the above assessment and basis the valuation carried out by registered valuers, the assets have been analysed by management and impairment provision is made accordingly.

**12 Property, Plant & Equipment (PPE), Capital Work-in-Progress (CWIP) and Intangible Assets**

The PPE, CWIP and Intangible Assets as at 31st March 2020 is valued on the basis of the Valuation Reports received from the valuer appointed under CIRP. The difference between the carrying value and the realisable value as per the valuation report is shown as impairment gain/loss. All the PPE except for gain on land and building (freehold and leasehold) is valued at the realisable value stated in the valuation reports. Upward valuation of Rs. 6,358.98 Lakhs is not recognised currently by the management in the absence of reasonable certainty.

Particulars	Net Block as at 31 March, 2020 (Before Impairment)	Impairment during the year	Net Block as at 31 March, 2020 (Post Impairment)
PPE	15,223.29	8,038.74	7,184.54
CWIP	142.02	142.02	-
Intangible Assets	412.12	412.12	-
<b>TOTAL</b>	<b>15,777.42</b>	<b>8,592.88</b>	<b>7,184.54</b>

**13 Deferred tax assets:**

Deferred tax assets amounting to INR 34,232.78 Lakhs is written off during the year in the absence of reasonable certainty that future taxable profits will be available against which this asset can be used.

**14 MAT credit entitlement:**

MAT credit entitlement of INR 501.08 Lakhs is written off during the year as it is not probable that taxable profit will be available during the specified year against which the credit can be utilized.

15 **Write off of unbilled revenue (contract asset):**

Basis its assessment of unbilled revenue and Lack of certainty on collectability of this amount, unbilled revenue to the extent of INR 5,419.85 Lakhs is written off by the management.

16 **Solar Plant Sale**

For the purpose of setting up the Solar Power plant, Company obtained ECB facility of USD 6.50 million from Axis Bank in 2011. The terms and conditions were reviewed/modified/renewed from time to time. Axis Bank had created charge on assets of Project (Power Plant), whose yearly revenue was in the range of INR 6-8 Crs, to secure due repayment of outstanding dues. Charge was created on all movable fixed assets installed and lying at the power plant and immovable property (Land).

Company committed default in payment of amount and as a result Company was classified as Non- Performing Asset (NPA) in the books of Bank from April 2018.

Owing to continuous defaults, bank initiated legal action for recovery of its dues against Company and issued demand notice dated 15 January 2019 under SARFAESI Act calling upon the borrower to repay outstanding amount of INR 1,462.45 Lakhs as on 31st December 2018 within a year of 60 days.

Company could not repay the amount within 60 days of notice and hence Bank proceeded with the provisions of the act and put the secured assets for sale through E-Auction Notice dated 28 March 2019 at Reserve price of INR 1,710.00 Lakhs. It was based on the valuation report submitted by BKC Advisors Pvt Ltd. dated 22nd March 2019 which gave the Fair Value of the entire plant at INR 1,962.17 Lakhs, Realisable value at INR 1710.14 Lakhs. and Distress Value at 1,534.11 Lakhs. E-Auction date of assets was kept at 30 April 2019.

E-Auction was conducted on the said date and assets were successfully sold at price of INR 1,715.00 Lakhs as against the book value of INR 3424.10 Lakhs (Net of Creditors).

Since all assets and liabilities has been transferred in relation to Solar Power Plant, the sale is treated as Slump Sale as per provisions of Income Tax Act, 1961.

As per Ind AS 105, 'Non-current assets held for sale and discontinued operations'

A discontinued operation is a component of an entity that can be distinguished operationally and financially for financial reporting purposes from the rest of the entity and:

- Represents a separate major line of business or geographical area of operation
- Is part of a single coordinated plan to dispose of a separate major line of business or major geographical area of operation
- Is a subsidiary acquired exclusively with a view for resale

Though the plant is a component which can be distinguished separately for operation and financial purposes, the Solar Power Plant cannot be classified as major line of business because it is not a substantial component of the Profit and Loss statement of the Company. This can be further substantiated as the turnover from the Solar Power Plant for the year March 31, 2019 is INR 684.01 Lakhs which is less than 10% of the total turnover (INR 21,300.76 Lakhs) of the Company.

Since Solar Power Plant is not considered as discontinuing operation, disclosures pertaining to Ind AS 105 are not required.

The loss on sale of the Asset INR 1709.10 Lakhs has been shown as an exceptional item on the face of Profit and Loss statement.

17 **Salary and wages payable:**

Employee cost that is not considered as CIRP cost is provided in the books of accounts for the year ended 31 March 2020.

Only COC approved salaries of CIRP critical employees amounting to INR 92.00 Lakhs form part of CIRP Cost. During the CIRP period, all dues pertaining to employees whose salary is treated as CIRP cost like employee's share of Provident Fund, Employees State Insurance Scheme, Profession Tax and TDS has been deducted and paid as applicable. The same is treated as CIRP cost.

All claims for outstanding salaries and wages pertaining to employees/workmen whose salary/wages is not treated as CIRP cost will be dealt with in accordance with the provision of Insolvency and Bankruptcy Code, 2016.

Statutory dues in relation to salary of employees not treated as CIRP cost has been deducted but not paid as at the year ended 31 March 2020.

18 **Statutory Dues**

The company has provided interest on outstanding Provident Fund, Employee State Insurance Scheme, Labour Welfare Fund & Profession Tax only to the extent of notices received from respective authorities.

Interest on TDS defaults is provided only for post CIRP period and not for dues outstanding prior to that date.

The company has not fully paid Statutory dues pertaining to provident fund, ESIC & other material statutory dues relating to employees and workmen who have not been paid their salary and wages for the quarter and year ended 31 March 2020.

The company has not calculated and provided for contribution to provident fund based on the supreme court ruling to include all fixed components to derive the amount of contribution to the fund. The company has not conducted an impact study on account of the retrospective application of the said ruling. Impact of these non-compliance and their respective interest and penalties are not quantified and provided for in the books of accounts. All the outstanding statutory dues prior to the CIRP date will be dealt with in accordance with the provision of the IBC, 2016

19 **Inventory:**

As the company has filed liquidation application post approval from COC in the meeting dated 19th October 2020, the going concern assumption cease to exist. Accordingly, inventories have been valued at cost or net realisable value whichever is lower based on the Management estimate.

Physical verification of stock of Raw Materials & Components, Work-in-progress and Store, Spares and Packing Material was conducted by the management during the year and shortage amounting to INR 6,333.61 Lakhs is written off in the books of accounts during the year ended 31 March 2020

Stock of Raw Materials & Components, Work-in-progress and Store, Spares and Packing Material as per books of accounts, as on 31 March 2020 was INR 3463.73 Lakhs. inventories have been valued at cost or net realisable value whichever is lower based on the Management estimate. Diminution in the value of stock on account of valuation at lower of cost or net realisable value is Rs.2,791.51 Lakhs

Details of diminution in the value of inventory is as detailed below:

Decrease in value of closing stock of Raw Materials & Components: INR 1,579.25 Lakhs

Decrease in value of closing stock of Work-in-progress: INR 1,206.41 Lakhs

Decrease in value of closing stock of Store, Spares and Packing Material: INR 5.84 Lakhs

The management has not conducted physical verification of stock for few locations. The value of stock present at these locations as per the books of accounts is INR 253.52 Lakhs. Out of this stock amounting to INR 117.11 Lakhs is valued at cost or net realisable value whichever is less, resulting in diminution in value by INR 117.11. Stock amounting to INR 136.41 Lakhs is carried in the books at book value as the same pertains to ongoing project.

20 **Gratuity and Leave Encashment:**

The Company has not obtained valuation from an actuary as required by Ind AS 19 "Employee Benefits".

The liability for Gratuity and Leave Encashment is booked on actual basis as the financial results are not prepared on a going concern basis as the company has filed a liquidation application and the same will be payable as per the provisions of Insolvency and Bankruptcy Code, 2016.

21 **Contract Liabilities**

\*Contract liabilities (Billing in excess of revenue) amounting to INR 89.16 Lakhs pertains to the provision created in the earlier years for certain ongoing sub-station projects. Basis the management estimates of these contracts, the amount is not payable and hence the liabilities is written-back and credited to the statement of profit and loss.

22 **Bank Guarantees**

Advance Bank Guarantee invoked during the quarter is INR 25.00 Lakhs and period is INR 6,346.50 Lakhs. Out of this, INR 311.16 Lakhs is charged to Statement of Profit and Loss, amount of INR 4,618.62 Lakhs has been adjusted against the advances and balance amount of INR 1,260.39 Lakhs is retained as receivable based on management assessment of these amounts.

Performance Bank Guarantee invoked during the quarter is 5.45 Lakhs and period is INR 8,143.23 Lakhs. Out of this INR 4979.76 Lakhs is charged to statement of profit and loss, INR 3,004.83 Lakhs is retained as receivable based on management assessment of these amounts and balance amount of INR 158.64 Lakhs is recovered from the customer.

23 **Write off of Trade Receivable pertaining to Bank Guarantee**

Basis the assessment of management and lack of certainty on collectability of this amount, trade receivables pertaining to Bank guarantee invoked of INR 499.93 Lakhs have been written off during the period and NIL have been written off during the quarter.

24 **Interest**

On account of loans being reclassified as Non-Performing Assets (NPA) by all lenders, interest has been provided for in the books of accounts:

Pre CIRP date interest is calculated on the basis of actual claim received from the financial creditors and included in the respective facility

Post CIRP date interest is calculated at the rates charged by banks on actual basis and where interest is not charged by the bank, the same is provided at the rates used by the banks prior to CIRP date including penal interest as applicable for each facility availed by the company.

25 **Employee Stock Option Plan (ESOP)**

The Company had granted stock options under the following employee stock option scheme:

30,00,000 Equity Shares are reserved for allotment of equity shares under Employee Stock Option Scheme 2011. During the year Nil Equity Shares have been issued and allotted to the eligible employees against exercise of Options under ESOS 2011.

30,00,000 Equity Shares are reserved for allotment of equity shares under Employee Stock Option Scheme 2015. During the year Nil Equity Shares have been issued and allotted to the eligible employees against exercise of Options under ESOS 2015.

Each option when exercised would be converted into one fully paid-up equity share of ₹ 2 each of the Company. The options granted under ESOP 2011 and options granted under the ESOP 2015 scheme carry no rights to dividends and no voting rights till the date of exercise.

The COC have resolved on 19th October,2020 to liquidate the company. Consequently, an application for the liquidation of the company has been filed with the NCLT and the matter is sub judice. Also, the existing employees to whom the ESOP option was allotted have given up their right vide letter dated 31st March 2020. Considering the above scenario, the management has decided to forfeit the ESOP options and reverse the ESOP outstanding as on the reporting date and the liability for the same has been transferred to General reserve in the statement of equity.

26 During the year company has not provided for any onerous contracts except revenue contract with customers. As the company is in the CIRP, claim in respect of onerous contract, if any, will only be through claims submitted as per the provision of the IBC, 2016. As the operational claims are not reinstated in the books, no provision is currently made in the books of accounts.

27 **Investments:**

The investments in subsidiaries are impaired in the current year on the basis of realisable value as per the valuation reports received from the valuer under CIRP.  
Investment in Equity instrument (Unquoted) and Non Cumulative Preference Shares (Unquoted) are impaired in the current year on the basis of realisable value as per the valuation reports received from the valuer under CIRP.  
The market value of quoted investments in Morarka Finance Limited is valued at closing rate of 31st March 2020 on the Bombay Stock Exchange

Summary of realisable value and Impairment value of Investments is as follows:

Amount in Lakhs			
Particulars	Book Value	Impairment during the year	Value as at 31 March 2020
<b>(A) - Investment in Subsidiaries</b>			
Emco Overseas Pte Limited	9,190.93	9,190.93	-
Emco Power Limited	537.87	537.87	-
Emco Renewable Energy Limited	5.00	5.00	-
Emco Infrastructure Limited	5.00	5.00	-
Shekhawati Transmission Services Company Limited	180.01	180.01	-
Emco Global DMCC	18.48	18.48	-
<b>(B) - Other Investments</b>			
Morarka Finance Limited	0.87	0.26	0.61
Cozy Properties limited	712.42	36.42	676.00
<b>Total</b>	<b>10,650.58</b>	<b>9,973.97</b>	<b>676.61</b>

28 **Impairment of Loans and advances and Other Assets:**

Company has during the year also provided for impairment allowance for various class of assets, investments, loans and advances and other receivables based on the valuation reports received from valuers appointed during the CIRP and management estimates.

Amount in Lakhs			
Particulars	Book Value	Impairment during the year	Value as at 31 March 2020
Loans & Advances (including related parties)	22,931.28	22,596.53	334.75
Security deposits & Rent Deposits and Earnest Money Deposit	320.38	91.05	229.33
Other amounts recoverable in cash or kind for value to be received.	471.98	469.85	2.13
Advance to suppliers	4,004.51	4,004.51	-
Other Assets	69.44	62.38	7.06
Tax Assets	2,799.60	2,381.56	418.04
Indirect Tax Receivable	5,644.07	3,870.33	1,773.75
<b>Total</b>	<b>36,241.26</b>	<b>33,476.21</b>	<b>2,765.05</b>

29 **Trade Receivable**

The management has assessed all its trade receivables on quantitative parameters like age of the receivables, past default trends, etc. and on the qualitative parameters like the financial health of the customer, sectoral performance, etc. Based on this analysis management has created a additional provision of INR 32,718.80 Lakhs during the year towards ECL on trade receivables which represents the management estimates of amount receivables:

NTPC has invoked Advance BG during the year which had been adjusted against the advance received from them and the balance amount receivable from them amounting to INR 307.50 Lakhs has been included in debtors and has been provided for Expected Credit Loss.

32 As the company has filed liquidation application with the honorable NCLT and the financial results are prepared on a non going concern basis, entire amount of unclaimed dividend is to be transferred to Investor Education and Protection Fund (IEPF). IEPF return has not been filed for the current year.

33 As the application for liquidation has been filed as per decision of the COC in the meeting dated 19th October 2020 and the financial results are prepared on a non going concern basis, provision for warranties have been reversed in the current year.

34 **Non-Compliance of applicable laws and regulations:**

As a consequence of the matters described above and various other matters discussed in these results, the company is not in compliance with various laws and regulations, including certain requirement of the Companies Act, 2013, SEBI Regulations applicable for listed entities, Listing agreement requirement, Income Tax Act. etc. Management is in the process of evaluating the financial and other consequences arising from such non-compliance and of making a comprehensive assessment of other non-compliances, to determine the impact/consequences, including financial and operational impact, of such non compliances on the company. Pending final determination and assessment thereof, no adjustments have been made to these results.

35 Summary of transactions falling with the meaning of section 43 to section 66 of the Insolvency and Bankruptcy Code, 2016

Sr. No.	EMCO Funds Transferred To	Relevant Time Period	Amount Involved (INR Crs.)
1	Yuson's Investment Pvt. Ltd.	2010-11 to 2017-18	10.65
2	EMCO Overseas Pte Ltd.	2007-08 to 2018-19	126.00
3	EMCO Power Ltd.	2009-10 to 2017-18	101.00
4	EMCO Global DMCC	Mar-19	5.33
5	Various parties through LC devolvement	2015-16 to 2017-18	212.19
<b>TOTAL</b>			<b>455.17</b>

36 **Contingent Liabilities and Commitments (to the extent not provided for)\*\*\***

Particulars	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
a) Bank Guarantees outstanding as at the year end (gross) –(Secured)	8,656.58	9,556.91	9,556.91	9,556.91	28,787.98
b) Guarantee for Subsidiary Company**	-	-	-	-	8,990.15
c) Tds Defaults*	129.44	128.26	128.26	128.26	-
<b>Legal Disputes</b>					
a) Disputed amount of Sales Tax.	2,304.74	2,304.74	2,304.74	2,304.74	1,710.08
b) Claim made by workmen for re-instatement. Matter Subjudice.	Amount not Ascertainable	Amount not Ascertainable	Amount not Ascertainable	Amount not Ascertainable	Amount not Ascertainable
c) Disputed amount of Income Tax.	-	19.43	19.43	19.43	19.43
d) Disputed amount of Excise duty	1,493.91	1,493.91	1,493.91	1,493.91	2,506.77
e) Disputed amount of Service tax.	182.31	193.92	193.92	193.92	193.92
f) Claims against Company not acknowledged as debt***	12,913.90	547.63	547.63	547.63	933.96
g) Disputed amount of Customs	89.86	-	-	-	-
<b>Total</b>	<b>25,770.74</b>	<b>14,244.80</b>	<b>14,244.80</b>	<b>14,244.80</b>	<b>43,142.29</b>

\* TDS Prosecution notices has been served on the Company u/s 276B/276BB of Income Tax Act, 1961, during the financial year 2019-20 after the Company went in to CIRP (Corporate Insolvency Resolution Process) on account of failure to pay TDS to the Central Government as required under the provisions of Chapter XVII B within stipulated period as prescribed under Income Tax Act, 1961 and IT Act Rules, 1962 for various Assessment years.

\*\*During the year, Corporate guarantee provided for EMCO Overseas Pte Ltd has been invoked due to non-payment of dues by subsidiary and outstanding amount USD 89.24 lacs has been claimed by PNB International at the time of submission of claims to Resolution Professional and the same has been accepted by RP. Hence, provision to the extent of USD 89.24 lacs has been created in the books, however subsequent interest has not been provided.

\*\*\*Includes claims against Company not acknowledged as debt includes claims received from operational creditors/debtors during the CIRP which are not recorded in the financial results.

\*\*\*\* All amount pertaining to litigations prior to the CIRP date will be dealt with as per the provision of the IBC, 2016