

9th August, 2018

To,
The Department of Corporate Services,
BSE Limited
P J Towers,
Dalal Street, Fort
Mumbai – 400001

To,
National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra – Kurla Complex,
Bandra (East), Mumbai 400 051

BSE: 504008

NSE: EMCO

Sub.: Outcome of the Board Meeting

Dear Sir,

Pursuant to Regulation 30 and 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, this is to inform you that the Board of Directors of the Company at their meeting held today i.e on 9th August, 2018 has *inter-alia*, considered and approved the followings items:

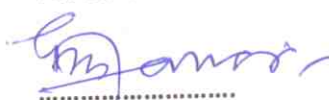
1. Un-audited Financial Results of the Company for the First Quarter ended 30th June, 2018 along with Limited review report thereon issued by the Statutory Auditors. (Copy of the result and limited review report are enclosed herewith)
2. Sale and transfer of Solar Division of EMCO Limited to its Wholly owned Subsidiary Company i.e EMCO Infrastructure Limited on slump sale basis. Disclosures pursuant to Regulation 30 of the Listing Regulation read with SEBI Circular CIR/CFD/CMD/4/2015 dated 9th September, 2015 is enclosed herewith.

The meeting of Board of Directors commenced at 4:00 p.m. and concluded at 5.45 p.m.

Kindly take this on your record.

Thanking you,
Yours faithfully,

For EMCO LIMITED



Ganesh Tawari
Company Secretary & Compliance Officer



Encl.: as above.



EMCO LIMITED

Registered Office : N-104, MIDC Area, Village - Mehrun, Jalgaon - 425 003, Maharashtra, India.

Tel- 257 2272 462, Email - emco.corporate@emco.co.in

Corporate Office : 1st Floor, Piramal Tower, Peninsula Corporate Park, G. K. Kadam Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India.

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS**FOR THE QUARTER ENDED 30TH JUNE 2018****CIN:L31102MH1964PLC013011**

(₹ in Lakhs)

Sr. No.	PARTICULARS	STANDALONE			
		Quarter ended			Year ended
		30-Jun-2018	31-Mar-2018	30-Jun-2017	31-Mar-2018
		Unaudited	Unaudited	Unaudited	Audited
1	Income				
	(a) Gross Sales/ Income from Operations	9,364.97	9,503.54	12,855.95	34,993.25
	(b) Other Income	0.05	(0.05)	-	5.63
	Total Income (a + b)	9,365.02	9,503.49	12,855.95	34,998.88
2	Expenses				
	(a) Cost of materials consumed	5,619.90	11,605.60	8,286.87	27,569.30
	(b) Purchases of Stock in Trade	-	-	-	4,209.89
	(c) Changes in inventories of finished goods and work-in-progress	1,948.24	235.70	543.04	(1,109.82)
	(d) Excise duty recovered	-	-	394.97	394.97
	(e) Employee benefits expense	771.25	830.40	974.14	3,713.20
	(f) Finance costs (Net)	2,989.81	3,566.13	3,394.54	13,559.49
	(g) Depreciation and amortisation expense	410.16	412.96	416.18	1,672.22
	(h) Other expenses	514.47	4,773.88	1,232.98	8,281.33
	Total Expenses (a) to (h)	12,253.83	21,424.67	15,242.73	58,290.58
3	Profit / (Loss) before exceptional item and tax(1-2)	(2,888.81)	(11,921.18)	(2,386.78)	(23,291.70)
4	Exceptional Items	-	-	-	-
5	Profit / (Loss) before tax	(2,888.81)	(11,921.18)	(2,386.78)	(23,291.70)
6	Tax Expenses	(960.06)	(6,085.95)	(860.15)	(7,269.46)
7	Net Profit / (Loss) for the period	(1,928.75)	(5,835.23)	(1,526.64)	(16,022.24)
8	Other Comprehensive Income (OCI) (Net of tax)	-	61.50	-	61.50
9	Total Comprehensive Income (TCI)	(1,928.75)	(5,773.73)	(1,526.64)	(15,960.74)
10	Paid-up Equity Share Capital (Face value of ₹2 each)	1,358.19	1,358.19	1,355.52	1,358.19
11	Other Equity				29,302.43
12	Earnings Per Share (EPS)*				
	1. Basic EPS after exceptional items (₹/share)	(2.83)	(8.61)	(2.24)	(23.63)
	2. Diluted EPS after exceptional items (₹/share)	(2.83)	(8.61)	(2.24)	(23.63)
	(* Not Annualized for the Quarter)				



Notes

- 1 The unaudited financial statement for the year ended 30th June, 2018 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 09th August, 2018 and have been subjected with limited review by the statutory auditors of the company .
- 2 The figures of the last quarter are the balancing figures between audited figures in respect of full financial year and unaudited published year to date figures up to the third quarter of the respective financial year.
- 3 The Company has adopted Ind AS 115 "Revenue from contracts with the customers" effective from 01st April 2018, the effect of adoption did not have any material impact on recognition and measurement of revenue and related items on these financial results and transition effect has been taken in retained earnings.
- 4 The Company has only one reportable Segment i.e. Transmission and Distribution Segment within Power Sector as per Ind AS-108.
- 5 As at 30th June, 2018 company has overdrawn credit facilities including interest of ₹ 53,274.89 Lakhs and other borrowings of ₹ 7,307.10 Lakhs that are due for repayment along with interest payable on such borrowings of ₹ 899.74 Lakhs. The above factor indicates a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. However, Company has approached its lenders to restructure the debts, which along-with the sale of non-core assets will result into improved liquidity and profitability and therefore these financial statements are prepared on going concern basis.
- 6 Trade receivables include ₹ 12,109.75 lakhs on account of outstanding dues and liquidated damages and other deductions withheld by customers. The company has taken legal action for recovery of these receivables and expects to recover the same based on the legal advice.
- 7 Trade receivables include ₹ 14,328.31 lakhs outstanding as at 31 March, 2018 in respect of the supplies or projects which have been closed or substantially completed. These receivables are due to retentions and claims arising mainly in respect of cost over-run due to client caused delays, suspension of projects, deviation in design and change in scope of work; for which Company is at various stages of negotiation/discussion with the clients. Considering the contractual tenability, progress of negotiation / discussion with the client, the management is confident of recovery of these receivables.
- 8 Inventories as at 30th June, 2018 includes ₹ 2,491.72 lakhs at project sites which are lying unused from a considerable period of time. Based on the technical evaluation, management is of the opinion that these inventories are in good conditions and can be utilised in future projects .
- 9 Other Current Asset as at 30th June, 2018 includes revenues of ₹ 4,901.74 lakhs recognised in earlier years under percentage completion method which are yet to be billed as per the contractual terms. These projects are almost completed and at final reconciliation stage with customers. In view of the management, the invoices would be raised on the customers as per contractual terms on hand over of the projects, completion of reconciliation procedures and amendment in contract wherever required.
- 10 Previous period figures have been regrouped, re-arranged and re-classified wherever necessary to conform to current quarter's classification.

For EMCO LIMITED



Rajesh S. Jain
Chairman
DIN:00005829

Place : Mumbai
Date : 9th August, 2018

www.emco.co.in



INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

To,
**The Board of Directors of
EMCO Limited**

1. We have reviewed the accompanying statement of unaudited financial results of EMCO Limited ("the Company") for the quarter ended 30th June, 2018 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") , read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016 ("the Circular").
2. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and the Circular, which is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. **Material Uncertainty Related to Going Concern**

As stated in Note no. 5 of accompanying statement, company has incurred operational losses resulting into erosion of considerable net worth. As at the 30th June 2018, Company has overdrawn credit facilities including interest of Rs. 53,274.89 Lakhs and other borrowings of Rs. 7,307.10 Lakhs that are due for repayment along with interest payable on such borrowings of Rs. 899.74 Lakhs. The above factor indicates a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. However, Company has approached its lenders to restructure the debts, which along-with the sale of non-core assets will result into improved liquidity and profitability as stated in the said note and therefore, the management is of the view that going concern of the accounting is appropriate. Our opinion is not modified in respect of this matter.

5. Without qualifying our review opinion : -
 - a) We draw attention to Note No. 6 of accompanying statement regarding the outstanding dues and liquidated damages / deduction made by customers aggregating to Rs. 12,109.75 lakhs, which are carried as Trade Receivables. The company has filed legal case against the customers for the recovery of the same. Pending outcome of the matter which is presently unascertainable, no adjustments have been made in accompanying financial results.



- b) We draw attention to Note no. 7 of accompanying statement relating to uncertainties relating on recoverability of trade receivables Rs. 14,328.31 lakhs as at 31st March 2018, raised in the earlier years in respect of supplies or projects closed or substantially completed and where the claims are currently under negotiations and discussions with the customers. Pending the ultimate outcome of these matters, which is presently unascertainable, no adjustments have been made in accompanying financial results.
- c) We draw attention to Note no. 8 of accompanying statement relating to inventory of Rs. 2,491.72 lakhs as at 30th June, 2018, which are lying unutilised at the commissioned sites from a considerable period of time. Management is confident of utilizing the same against upcoming projects in due course of time.
- d) We draw attention to Note no. 9 of accompanying statement relating to revenues of Rs. 4,901.74 lakhs recognised in earlier years under the percentage completion method which are yet to be billed as per the contractual terms and are considered as good of recovery as stated in the note.
6. Based on our review conducted as stated above nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting practices and principles generally accepted in India, has not disclosed the information required to be disclosed the information required to disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No. 101720W



Jignesh Mehta
Partner
Membership No. 102749



Mumbai, 09th August, 2018

Disclosures pursuant to Regulation 30 of the Listing Regulation read with SEBI Circular CIR/CFD/CMD/4/2015 dated 9th September, 2015

The Board of Directors ("BoD") of the Company has today in its Board Meeting approved the sale of entire 5 MWp Solar Business of EMCO limited ("EMCO" or "the Company" or "the Transferor Company") to its Wholly Owned Subsidiary ("WoS") – EMCO Infrastructure Limited ("EMCO Infra" or the "Transferee Company")

Disclosures pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015 are as under

- a) the amount and percentage of the turnover or revenue or income and net worth contributed by Solar Division as on March 31, 2018:

Revenue is INR 6.26 Cr. i.e 1.79 % of Total Revenue

Book Net-worth is INR 22.53 crs i.e. 7.34 % of Total Net Worth

- b) **Date on which the agreement for sale and transfer will be enter;**

The agreement for sale of Solar business("Agreement") shall be in the manner as advised by the tax and legal advisors and will be subject to requisite applicable contractual, statutory and regulatory approvals.

- c) **the expected date of completion of sale;**

Within 3 months from the date of entering the Agreement or such other date as may be decided by the Board of Directors of both the companies, upon receipt of necessary approval from lenders etc.

- d) **consideration received from such sale/disposal;**

The lump sum Equity Consideration would be not more than INR 15 Crore and would be subject to working capital and other adjustment till the date of closing of the Agreement.

- e) **Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies.**

EMCO Infrastructure Limited is the Wholly Owned Subsidiary of Emco Limited.

- f) **Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length";**

The Sale of Solar Business is from EMCO Limited the holding company to its Wholly Owned Subsidiary ("WoS") – EMCO Infra, which is exempted from the requirements of related party



as per Regulation 23(5)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Prior Approval of Audit Committee has been obtained on 09.08.2018.

g) Name of the entities. Details in brief such as size, turnover, etc.

EMCO limited was incorporated on 19th September, 1964. The Financial details are as follows;

- Paid-up Share Capital is INR 13.58 Cr.
- Reserves & Surplus is INR 293.02 Cr.
- Revenue for the 3 Months ended 30.06.2018 is INR 93.65 Cr.
- Profit / (Loss) Before Tax for the 3 Months ended 30.06.2018 in INR (28.89) Cr.

EMCO Infrastructure Limited was incorporated on 14th August, 2008. The Financial details are as follows;

- Paid-up Share Capital is INR 5.00 Lacs.
- Reserves & Surplus is INR (3.70) Lacs
- Total Revenue for the Financial Year ended 31.03.2018 is INR 0.30 Lacs.
- Profit / (Loss) Before Tax for the Financial Year ended 31.03.2018 is INR (1.05) Lacs.

h) Area of business of the entity(ies)

EMCO Limited

EMCO Limited focuses on the areas of Transformers, Sub-Stations, and Transmission Towers & Lines and provides solutions and products for power generation, transmission, distribution utilities and industry in India and over 50 countries worldwide.

EMCO Infrastructure Limited

The company is primarily incorporated for power generation, transmission, and allied business through renewable energy.

i) Rationale for proposed Slump Sale

To enable investments by strategic investor.

j) in case of cash consideration – amount or otherwise share exchange ratio

Please refer the details as stated above.

k) brief details of change in shareholding pattern (if any) of listed entity

No change in the shareholding pattern of EMCO Limited on account of the proposed slump sale.

