

IMP POWERS LIMITED



43rd Annual Report 2004-2005

IMP POWERS LIMITED**BOARD OF DIRECTORS**

SHRI RAMNIWAS R. DHOOT	Chairman
SHRI N. TATA. RAO	
SHRI S.M. PARANDE	(Resigned w.e.f. 31st July 2004)
SHRI AJAY R. DHOOT	Managing Director
SHRI AADITYA R. DHOOT	Jt. Managing Director
SHRI J. T. CHATTERJI	(Resigned w.e.f. 14th March 2005)
SHRI R. T. RAJGUROO	(Appointed on 30th July 2005)
SHRI PRASHANT J. PANDIT	(Appointed on 30th July 2005)

BANKERS

STATE BANK OF HYDERABAD
 STATE BANK OF SAURASHTRA
 BANK OF INDIA
 THE KARNATKA BANK LIMITED
 INDUSIND BANK LIMITED
 SBI COMMERCIAL AND INTERNATIONAL BANK LIMITED

AUDITORS

Milwani Associates

**43rd Annual Report
2004-2005**

Bagaria House, 1st floor, 31/33,
 Dr. M. B. Velkar St. (Kalbhat Lane), Mumbai - 400 002.

REGD & CORPORATE OFFICE

" Advent", 7th Floor,
 12-A, General J. Bhosale Marg,
 Nariman Point,
 Mumbai - 400 021.

Website : www.imp-powers.com

Mumbai Works :

85, Govt. Industrial Estate,
 Kandivali (West),
 Mumbai - 400 067.

Silvassa Works :

Umer Kuin Road, Survey No. 263/2/3/2,
 Saily village, Silvassa (U.T. of Dadra & Nagar Haveli)



SHAREHOLDER / ANALYST INFORMATION

1. **Registrar/Transfer Agent :**
Intime Spectrum Registry Ltd.
C-13 Pannalal Silk Mills Compound,
L. B. S. Marg , Bhandup, Mumbai - 400078.
2. **Annual General Meeting**
Date : 25th November, 2005
Time : 3.00 P. M.
Venue : 85, Govt. Industrial Estate, Kandivali (West), Mumbai - 400 067.
3. **Book Closure :** 15th November to 25th November, 2005 (both days inclusive)
4. **Shareholding Pattern as on 30 - 06 - 2005**

	%	No. of Shares
Promoters	47.20	2,156,652
Public	52.80	2,412,411
	100.00	4,569,063

5. **Distribution Schedule as on 30.06.2005**

Share holding of Nominal Value of		Total Holders	% of Holders	Total Shares	Nominal Value Rs.	% to Total
(Rs.)	(Rs.)					
Upto -	5000	1678	85.3940	2,56,032	25,60,320	5.6040
5001 -	10000	106	5.3940	88,678	8,86,780	1.9410
10001 -	20000	60	3.0530	97,990	9,79,900	2.1450
20001 -	30000	40	2.0360	1,03,441	10,34,410	2.2640
30001 -	40000	14	0.7120	49,296	4,92,960	1.0790
40001 -	50000	5	0.2540	25,000	2,50,000	0.5470
50001 -	100000	23	1.1700	1,66,254	16,62,540	3.6390
100001 -	and above	39	1.9850	37,82,372	3,78,23,720	82.7820
Total :		1965	100.0000	45,69,063	4,56,90,630	100.0000

6. **Listing :** BSE, NSE & Ahmedabad Stock Exchange

7. **Analyst queries to :**

Shri Ajay R. Dhoot - Managing Director

Shri Manikant Vashistha - General Manager (Accounts & Fin. Operations)

IMP POWERS LIMITED**DIRECTOR'S REPORT**

To,
The Members

IMP POWERS LIMITED

Your Directors are pleased to present the 43rd Annual Report, together with the Audited statement of accounts of the Company for the year ended 30th June, 2005.

FINANCIAL RESULTS

	For the Period ended 30th June 2005 (Rs. in Lacs)	(Rs. in Lacs) For the Period ended 31 st March 2004
Sales	4481.30	3894.97
Other Income	22.82	8.20
Total Income	4504.12	3903.17
Expenditure	4873.01	4596.57
Profit/Loss Before		
Depreciation & Tax	(368.90)	(693.40)
Less: Depreciation	157.15	125.56
Profit/Loss Before Tax	(526.05)	(818.96)
Less: Provision for Taxation	-	-
Deferred Tax	(233.53)	(61.06)
Less: Prior period items	12.85	-
Less: Extra Ordinary items	265.03	166.21
Profit/Loss after Tax for the year	(570.40)	(1046.23)

The performance of your Company during the period under report has shown improvement over the previous period. The total income has gone up to Rs. 4504.12 Lacs against Rs. 3903.17 Lacs during the previous year. The loss before, depreciation and taxation have been reduced from Rs. (693.40) Lacs in the previous year to Rs. (368.90) Lacs during the period under review. Additional measures are being taken to further improve the sales and profitability from the current financial year onwards.

EXPORT PERFORMANCE

Exports of the Company as compared to previous year of 12 months have been increased from Rs. 581.50 Lacs to Rs. 933.48 during this accounting period (i.e. by 61%).

DIVIDEND

In view of the loss incurred by the Company, your Directors do not recommend the payment of dividend.

PRESENT SCENARIO AND FUTURE OUTLOOK

After approval of the CDR package which had been approved on 23rd December 2004 by the CDR Empowered group and the Company had also got the individual approval from all the participating Banks and Institutions.

The relief and benefit had been booked by the Company in the fifth quarter ended on 30th June, 2005, however there was delay

in the release of non-fund based limits by the Bankers as stipulated in the CDR Package due to the procedural reasons. However some of the Banks are releasing in the limit and the Company is expecting the release of rest of the non-fund based limits shortly.

The cut off date for the commencement of the scheme is 30th April, 2004. The CDR scheme includes inter-alia reduction of interest rate on loans from the cut off date, rescheduling of loans, waiver of penal interest and liquidated damages, conversion of interest payable in to Equity Shares, 4% Cumulative redeemable preference shares/Bonds and Funded interest loan. Accordingly, the impact of CDR package as above has been incorporated in these financial statements as below

- Interest to banks and financial institutions has been accounted for at the reduced rate (9%) w.e.f. 30/04/2004.
- Rs.350 Lacs Interest payable has been converted in to equity shares & Rs.184 Lacs has been converted in to 4 % Cumulative redeemable preference shares and Rs.574.32 Lacs has been converted in to Funded Interest Term Loan as at 30/06/2005.
- Rs.390 Lacs of Unsecured Loans of Promoters and others has been converted in Equity Share Capital.
- Irregular portion of Letters of Credit has been converted in to Working Capital Term Loan.

Approval of CDR Package has changed the business scenario of the Company and added more value to the company's goodwill and name in the market. Consequentially the Company is getting very attractive business offers from the private sector and overseas buyers. Most of the orders are backed by the advance payments and/or Letter of credit. The Company also updated and modernized its system and procedures for smooth functioning and to get the desired benefits from the turned around state of business for the Company.

It can now be apprehended that the Company has come on right track and is turning around and moving towards bright future.

EXTENSION OF FINANCIAL YEAR

The Company has extended its financial year from 12 months (ended on 31st March, 2005) to 15 months (ended in 30th June, 2005).

EROSION OF NETWORTH

The accumulated losses (net of reserves created out of profits) of the Company as at 30th June, 2005 was Rs.1137.24 lacs and the peak net worth of the company of the preceding four financial year was Rs.1868.90 lacs (as at 30/06/2005). Since the accumulated losses at the end of the financial year ending on 30-06-2005 is more than fifty percent of the peak net worth of the company of the preceding four financial year, therefore as required under section 23 of The Sick Industrial Companies (Special Provisions) Act 1985, a report as to such erosion and causes of such erosion is annexed to the notice calling the 43rd Annual General Meeting.

ISSUE OF SHARES ON PREFERENTIAL BASIS

During the year, Company has issued and allotted 15,73,463



Equity Shares of Rs.10/each and 18,40,000, 4% Cumulative redeemable preference shares of Rs.10/- each as per the provision of section 81(1)(A) of the Companies Act, 1956 and in terms of CDR package approved by CDR Empowered Committee. Company has obtained in principal listing approval from the stock exchange (s) in respect of further issued shares.

AUDITORS

M/s. Milwani Associates, Mumbai, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Members are requested to re-appoint Auditors and fix their remuneration.

AUDITORS REMARK

The Auditors remarks have been explained in notes to the account with the Annual Accounts which are self-explanatory.

CORPORATE GOVERNANCE

As required by clause 49 of the listing agreement, a separate report on corporate governance forms part of the Annual Report. A report from the statutory Auditor of the Company regarding compliance of conditions of corporate governance is part of this report as annexed.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the listing agreement with Stock Exchanges is annexed as Annexure - forming part of this Report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Article of Association of the Company Mr. N. Tata Rao, retires by rotation and being eligible, offer himself for re-appointment.

Mr. J. T. Chatterjee, Nominee Director of IDBI has resigned from the Board of Directors of your Company on 14th March, 2005. The Board expressed their appreciation for the services and valuable guidelines provided during his tenure. Mr. R.T. Rajguroo and Mr. Prashant J. Pandit have been appointed as the Additional Director of the Company on 30th July 2005. Who holds office as such upto the date of forthcoming Annual General meeting of the Company. The Company has received notices from members proposing his candidature for appointment as Director under section 257 of the said Act together with cash deposit thereof.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the public during the period under review.

PERSONNEL AND WELFARE

Industrial relations at all Divisions of the Company were very cordial throughout the year.

INSURANCE

Properties and Assets of the Company are adequately insured.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) That in the preparation of the annual accounts for the

financial year ended 30th June, 2005, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- b) That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss account of the company for the year under review.
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act' 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the directors had prepared the accounts on a "Going Concern" basis.

PARTICULARS OF EMPLOYEE

There were no employee covered under section 217(2A) of the Companies Act' 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The manufacturing process of the Company is not energy intensive; therefore impact of energy saving devices is insignificant. The details of foreign exchange income and outgo are as below :

Foreign Exchange Earning	Rs. 921.70 Lacs
Foreign Exchange Expenditure	Rs. 39.40 Lacs

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Shareholders, Financial Institutions, Banks, Employees, Distributors, Suppliers and other business associates.

ON BEHALF OF THE BOARD OF DIRECTORS

Date: 29th Sept. 2005
Place: Mumbai .

Ajay R. Dhoot
MANAGING DIRECTOR

IMP POWERS LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Industry Structure and Developments:**

Indian Transformer Industry has grown up by leaps and bound in the present year under consideration. The transformers and the Electrical measuring instruments industries are likely to grow at a faster pace than the power sector as a whole. There has been an unprecedented demand for transformers of all ranges and the market is steadily growing at a compound rate of 18%. With the implementation of the APDRP programme the demand is likely to further move up. Growing integration, competition and public pressure have compelled manufacturers to rationalize costs. Outsourcing has emerged as a viable means, especially from India considering the low labour and production cost. In the International market transformer manufacturers are reportedly closing shop and relying more and more on imports from countries like India; which have the technological base, technical capability and economic advantage.

Strengths

1. Price advantage due to the available fiscal incentives at Silvassa of 4% on account of sales tax. The only transformer company in India to be in sales tax free zone.
2. ISO 9001 Certified and vendor approval with all the state electricity boards and railways.
3. Recognised and registered brand name with more than 4 decades presence.
4. Extensive dealers network.
5. World class manufacturing facilities at Silvassa.

Weakness

1. Overdependency on State Electricity Boards for volumes.
2. Manpower Intensive Industry.
3. Lack of adequate levels of automation in the manufacturing of transformers results in higher cost of conversion.
4. Dependency on imported raw materials particularly silicon steel copper and insulation materials.

Opportunities

1. More and more SEB's are moving towards corporatisation of their distribution system.
2. Liberalisation has made the import of the raw materials cheaper.
3. Ministry of power has emphasized on the urgency to improve transmission and distribution.

Threats

1. Delay in the implementation of the power projects.
2. SEB and utilities are giving importance only to price rather than the quality.
3. Payment from the SEB's are not in time thus resulting in cash crunch.
4. Increased number of players in the market leading to undue cutting of price.

Internal Control System

The Company has adequate internal control system commensurate with its size and nature of the business and suitable internal control procedures, optimum resources utilization, veracity of accounts and compliance with various statutes is ensured.

Financial Performance

The Company's sales grew by 15 % for the period 2004-05 (15 Months) to Rs. 4481.30 lacs as against Rs.3894.96 lacs for the period 2003-04 (12 Months). Loss for the current period reduced to Rs.570.41 lacs as compared to 1046.23 lacs for the period 2003-04. The net cash outflow from operating activities was Rs.1192.61 Lacs as against Rs.786.93 Lacs for previous year.

Material Development on Human Resources

The Company has focused on building the organization for developing human resources. More attempt is now being given to develop a better structure in this important area with a long term future in mind.

The Company believes that human resources are vital resources in giving the Company a competitive edge in the current business environment.

The Company has more than 250 employees at the end of June, 2005. As in the past, the industrial relation continuous to remain generally cordial all locations of the Company.

**CORPORATE GOVERNANCE REPORT****Company's Philosophy on Code of Governance**

The Company has always worked towards building trust with shareholders, employees, customers, suppliers, and diverse stake-holders on four key elements of corporate governance transparency, fairness, disclosure and accountability and would constantly endeavour to improve on these aspects.

Board of Directors

The Board of Directors consists of 6 Directors, 3 members are under Non Executive category. The Chairman is an Executive Director and number of Independent Directors is one half of the total number of Directors. The size and compositions of the Board conforms to the requirements of the Corporate Governance code under the Listing Agreement with the Stock Exchange.

Ten Board Meetings were held in the year 2004 - 2005 on 30.06.2004, 31.07.2004, 03.09.2004, 26.10.2004, 29.11.2004, 29.01.2005, 16.03.2005, 30.03.2005, 04.04.2005 and 02.06.2005.

Composition of Board and other related matters:

Name of Directors	Category	No. of Directorship held 1	No. of other Board Committees of which Members/ Chairman 1	Board Meetings Attendance	Attendance at the last AGM
Mr. Ramniwas R. Dhoot Executive Chairman	WTD	Nil	Nil	10	Yes
Mr. N. Tata Rao	NED (I)	Nil	Nil	4	No
Mr. Ramdas T. Rajguroo*	NED (I)	Nil	Nil	-	-
Mr. Prashant J. Pandit*	NED (I)	Nil	Nil	-	-
Mr. Ajay R. Dhoot, Managing Director	WTD	Nil	Nil	10	Yes
Mr. Aaditya R Dhoot Jt. Managing Director	WTD	1	Nil	10	Yes
Mr. J. T. Chatterjee**	Nominee	-	-	4	-

* Appointed on 30th July, 2005

** Resigned on 14th March, 2005

Notes

1. This number excludes the directorship / committee membership held in private companies and that of the Company.
2. NED (I) - Non-Executive & Independent Director.
3. WTD - Whole Time Director

Mr. N. Tata Rao, Director of the Company is liable to retire by rotation and being eligible offer himself for re-appointment. His brief resume along with particulars of reappointment forms part of the Notice convening the 43rd Annual General Meeting of the Company.

Audit Committee

The Audit Committee, consists of three Directors, namely Mr. Prashant J. Pandit, (Chairman), Mr. Ramdas T. Rajguroo and Mr. Aaditya R Dhoot as member, Company Secretary acts as a Secretary to the Committee. The constitution, functions and the terms of the reference of the Audit Committee are those prescribed under clause 49 of the Listing Agreement. However there was a delay in constitution of Audit committee due to identifying suitable person to appoint as Independent and Non-Executive Directors.

Remuneration of Directors

Following are the details of remuneration paid to the Directors of the Company :

Name of Director	Salary per annum Rs.	Service Contract
Mr. Ramniwas R. Dhoot	720000/-	1-4-2004 to 31-3-2009
Mr. Ajay R. Dhoot	660000/-	1-4-2004 to 31-3-2009
Mr. Aaditya R Dhoot	360000/-	1-6-2003 to 31-5-2009

Shareholders Grievance Committee

The Company has constituted Shareholders Grievances Committee consisting of Mr. Ajay R. Dhoot, Mr. Aaditya R. Dhoot and Mr. R.T Rajguroo as member of the Committee and Company Secretary acts as Compliance Officer. During the year ended 30th June 2005, Company had received 3 complaints from the shareholders and all were resolved satisfactorily. There are no pending requests for transfer, dematerialization or rematerialisation.

IMP POWERS LIMITED**General Body Meetings**

The last three Annual general Meetings of the Company were held as under:

AGM	Venue	Date	Time	No. of Special Resolution Passed'
40 th AGM	85, Govt. Industrial Estate, Kandivali (W), Mumbai - 67	29.06.2002	3.00 P.M	-
41 st AGM	85, Govt. Industrial Estate, Kandivali (W), Mumbai - 67	26.09.2003	3.00 P.M.	-
42 nd AGM	85, Govt. Industrial Estate, Kandivali (W), Mumbai - 67	30.09.2004	4.00 P.M	3
EGM	85, Govt. Industrial Estate, Kandivali (W), Mumbai - 67	02.05.2005	4.00 P.M	4

There were no resolutions put through postal ballot during the year under review.

Disclosures

Transactions with related parties are disclosed in detail in Schedule 23 "Related Party Disclosures" annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of the interest did not harm the interest of the Company at large.

Means of Communication

During the year, quarterly, half yearly and annual financial results of the Company were submitted to the Stock Exchanges, soon after the Board meeting approved these and were published in atleast two newspapers - The Asian Age (English) and Danik Sagar (Marathi). All official news release of relevance to the investors are also made available to the Stock Exchanges for a reasonable period of time.

The Management's Discussion and Analysis of report is a part of the Annual Report for the year.

General Shareholder Information**43rd Annual General Meeting**

Date & Time	Friday, 25th November, 2005 at 3.00 P. M.
Venue	85, Govt. Industrial Estate, Kandivali (W), Mumbai - 400 067.

Tentative Financial Calendar

Financial Year	01.07.2005 to 30.06.2006
First Quarter results	Last Week of October 2005
Second Quarter results	Last Week of January 2006
Third Quarter results	Last Week of April 2006
Fourth Quarter results	Last Week of July 2006

Date of Book Closure

15th November, 2005 to 25th November, 2005 (Both Days Inclusive).

Listing on Stock Exchanges and Security Code

Name of Stock Exchange	Security Code
The Stock Exchange, Mumbai	517571
The National Stock Exchange of India Limited	INDLMETER
The Stock Exchange, Ahmedabad	26409 (Company Code)

The Company has paid the annual listing fee for the year 2004-05 to all of the above stock exchanges except for The Stock Exchange, Ahmedabad.

**Market Price Data**

Month	The Stock Exchange, Mumbai			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Monthly Volume	High (Rs.)	Low (Rs.)	Monthly Volume
April, 2004	12.65	8.13	13822	14.40	9.55	3977
May, 2004	12.80	7.51	23259	12.50	8.40	17648
June, 2004	9.97	6.70	15748	11.95	6.25	30990
July, 2004	9.69	6.50	30665	10.45	6.95	49976
August, 2004	9.25	7.75	44074	8.90	7.20	24730
September, 2004	9.16	7.60	240009	9.40	7.70	102386
October, 2004	14.78	8.49	1065000	14.45	8.50	193841
November, 2004	35.53	15.51	1367620	35.95	15.10	666723
December, 2004	43.75	26.40	662695	42.00	28.75	232692
January, 2005	38.45	26.80	114874	38.90	28.00	58791
February, 2005	42.25	29.50	336522	43.00	30.00	82222
March, 2005	54.95	39.35	874764	52.50	41.60	157996
April, 2005	49.75	38.50	208573	49.00	38.55	14084
May, 2005	67.45	40.05	532762	68.15	41.50	132842
June, 2005	66.00	48.75	101408	64.30	57.50	6783

Sources : Website of BSE , NSE

Shareholding pattern as on 30th June 2005

Category	No. of Shares	% of holding
Promoters Group	2156652	47.20
Mutual Fund and UTI	Nil	Nil
Banks, FIs & Insurance Companies/ SASF	844806	18.49
Foreign Institutional Investors / NRIs /OCBs	62524	1.37
Other Bodies Corporate	654856	14.33
Indian Public	840774	18.40
Any other	9451	0.21
Total	4569063	100

Distribution of Shareholding as at 30th June 2005

No. of Share	No. of Shareholders		No. of Shares	
	Number	%	Number	% of total
From - To				
1-500	1678	85.39	256032	5.60
501-1000	106	5.39	88678	1.94
1001-2000	60	3.05	97990	2.15
2001-3000	40	2.03	103441	2.26
3001-4000	14	0.71	49296	1.08
4001-5000	5	0.25	25000	0.55
5001-10000	23	1.17	166254	3.64
Above 10000	39	1.98	3782372	82.78
Total	1965	100.00	4569063	100.00

Dematerialization of security

The Equity Shares of the company are traded compulsorily in the dematerialization segment of all the stock exchanges and are under trade-to-trade segment. The demat security (ISIN) code for the equity shares is INE065B01013.