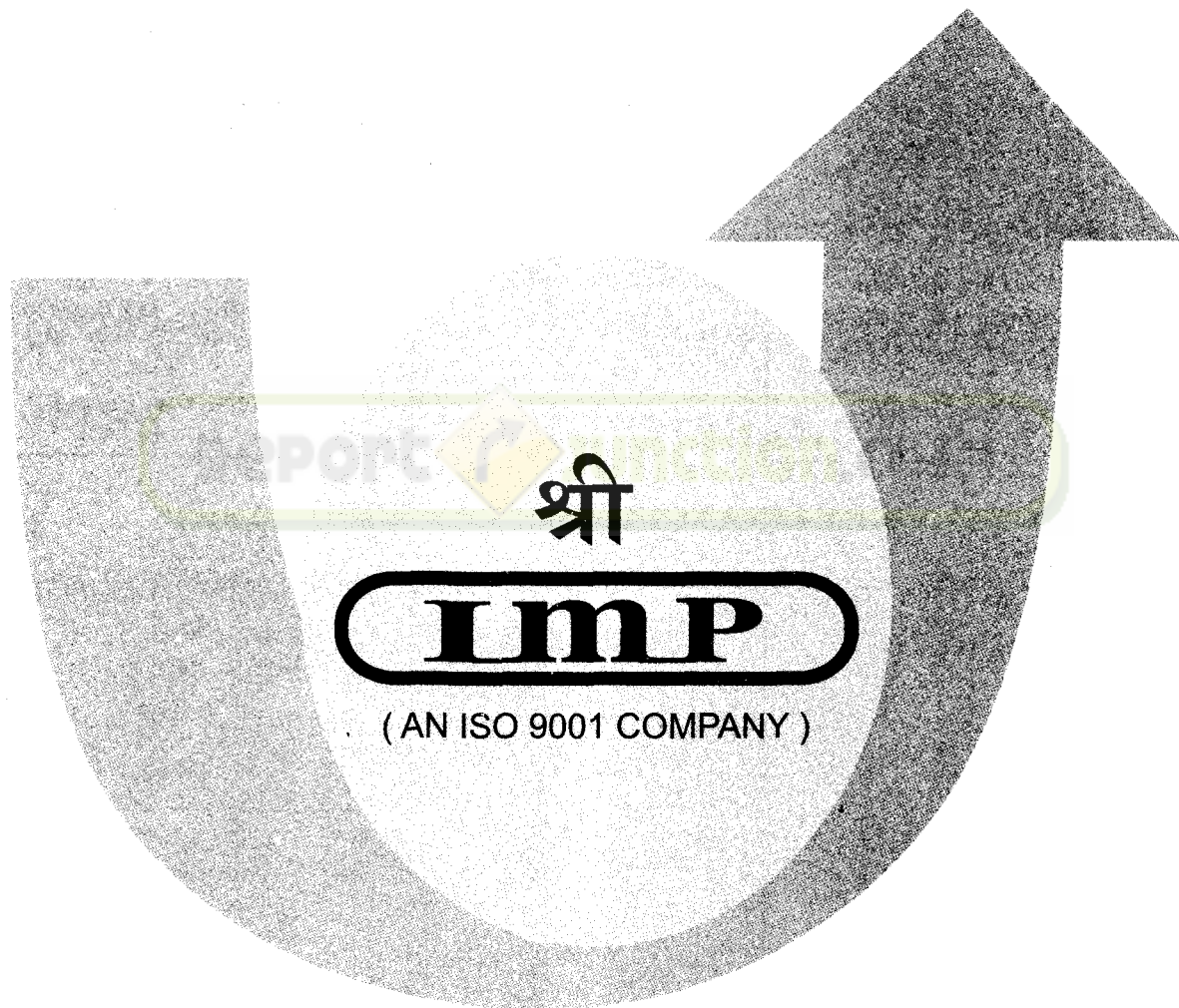


IMP POWERS LIMITED

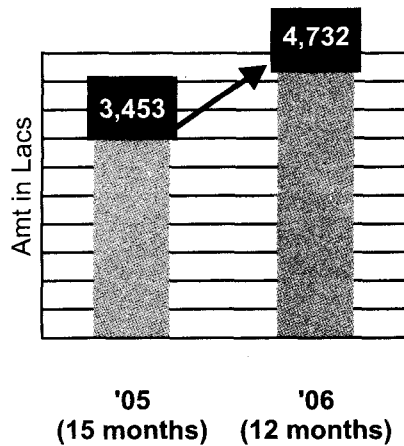
"POWER"FULLY SURGING..... AHEAD !



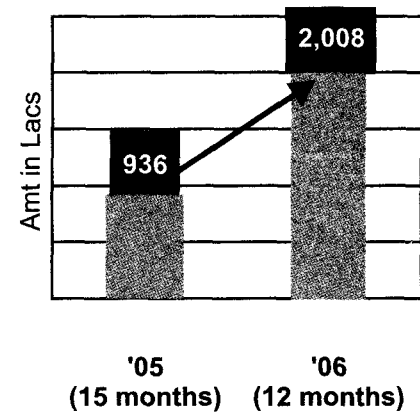
44th Annual Report 2005-2006

(An Year of Complete Turnaround)

Domestic Sales

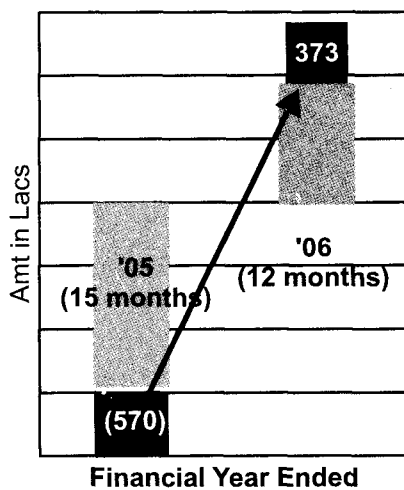


Export Sales

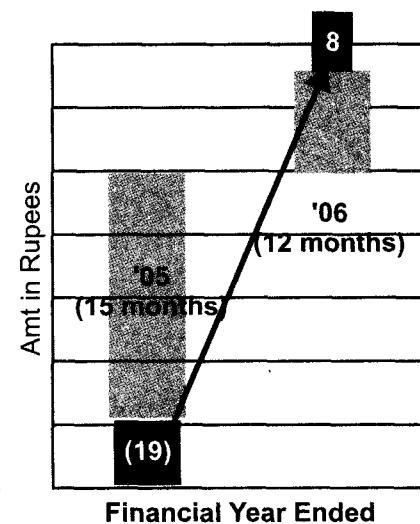


KEY FINANCIAL PARAMETERS

Profit After Tax



Earning Per Share



IMP POWERS LIMITED**BOARD OF DIRECTORS**

SHRI RAMNIWAS R DHOOT	Chairman
SHRI N TATA RAO	
SHRI AJAY R DHOOT	Managing Director
SHRI AADITYA R DHOOT	Jt. Managing Director
SHRI R T RAJGUROO	
SHRI PRASHANT J PANDIT	

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

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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 Havelli)



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 : 30th November 2006
Time : 4.00 P. M.
Venue : 85, Govt. Industrial Estate, Kandivali (West), Mumbai - 400 067.
3. **Book Closure :** 23th November to 30th November, 2006 (both days inclusive)
4. **Shareholding Pattern as on 30 - 06 - 2006 :**

	%	No. of Shares
Promoters	42.68	2525360
Public	57.32	3391265
	100.00	5916625

5. Distribution Schedule as on 30.06.2006

Category (Shares) Rupees		No. of Shareholders	% of Total Shareholders	Amount of Shares Held	% of Total Amount
(Rs.)	(Rs.)				
Upto -	5000	2015	83.16	3,113,220	5.26
5001 -	10000	177	7.30	1,476,540	2.50
10001 -	20000	93	3.84	1,429,130	2.42
20001 -	30000	30	1.24	744,190	1.26
30001 -	40000	17	0.70	626,640	1.06
40001 -	50000	10	0.41	465,200	0.79
50001 -	100000	29	1.20	2,072,110	3.50
100001 -	and above	52	2.15	49,239,220	83.22
Total		2423	100	59166250	100

6. **Listing :** Bombay Stock Exchange & National Stock Exchange
7. **Analyst queries to :**

Shri Aaditya R Dhoot - Jt. Managing Director
Shri Manikant Vashistha - General Manager (Finance & Accounts)

IMP POWERS LIMITED**DIRECTOR'S REPORT**

To,
The Members

IMP POWERS LIMITED

The Directors of IMP Powers Limited have pleasure in presenting the Forty Fourth Annual Report alongwith the Audited financial results for the year ended 30th June 2006

FINANCIAL RESULTS:

During the year under review, the net profit for the current year has shot up to Rs. 373 lacs, showing a complete turnaround from the net loss of Rs. 570 lacs in the previous financial year ended 30th June 2005(15 months). The net sales turnover has increased to Rs. 6740 lacs against Rs. 4389 lacs in the previous financial year(15 months) registering increase of 53.57%. The Exports have also risen to Rs. 2008 lacs as against 936 lacs in the previous financial year.

FINANCIAL RESULTS**(Rs. In Lacs)**

	For the Year ended 30th June 2006 (12 month)	For the Year ended 30th June 2005 (15 month)
Sales	7246.85	4481.30
Other Income	69.05	22.81
Total Income	7315.90	4506.47
Expenditure	6113.39	4323.44
Profit/Loss Before Interest	1202.51	183.03
Depreciation & Tax		
Less: Interest	718.53	816.96
Profit/Loss Before	483.98	633.93
Less: Depreciation	129.82	157.15
Profit/Loss Before Tax	354.16	(791.08)
Less : Provision for Current Tax	3.76	-
Less : Fringe Benefit Tax	7.54	-
Less : Deferred Tax	(30.42)	233.53
Add : Prior period Items	-	(12.86)
Less : Extra Ordinary Items	-	-
Profit/Loss after Tax for the year available for appropriation	373.28	(570.41)
APPROPRIATIONS		
Transfer to Bonds Redemption Reserve	23.19	-
Transfer to Preference Share Capital Redemption Reserve	18.38	-
Dividend on preference share	9.19	-
Balance carried to Balance Sheet	322.52	(570.41)
Earning Per Share	7.62	(18.90)

Note : Previous year figures have been regrouped/rearranged wherever necessary.

DIVIDEND

In view of this year being the first year after the turnaround of the Company, your directors do not recommend the payment of Dividend.

APPROPRIATIONS :

The adequate amount has been appropriated from the Profit of the current year to the Bonds Redemption Reserve and Preference Share Redemption reserve to provide for their future redemption as per the statutory requirement in this regard.

ISSUE OF SHARES ON PREFERENTIAL BASIS

During the year, your Company has issued and allotted 712500 Warrants convertible into Equity Shares to the promoter group at an exercise price of Rs. 55.63/- per Equity Share pursuant to CDR Scheme on preferential basis. Out of these warrants 432562 Warrants have been converted into Equity Shares during the year. The Company has also issued and allotted 915000 Equity Shares and 510000 Warrants convertible into Equity Shares to public and promoter category at a price of Rs. 85.34/- per share on preferential allotment basis. These 510000 warrants have not been converted into Equity Shares as on date. As on date, total 789938 warrants are outstanding on which 10% amount of the exercise price has been received by the Company towards application money. The Company has also issued 610000, 4% cumulative redeemable preference shares of Rs. 10/- each in terms of CDR Package during the year.

CORPORATE GOVERNANCE

As required by clause 49 of the listing agreement, the Corporate Governance Report forms integral part of the Directors' Report. A report from the statutory Auditor of the Company regarding compliance of conditions of corporate governance is also annexed to the Directors' Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CODE OF CONDUCT COMPLIANCE:

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the declaration signed by the Chairman regarding Code of Conduct Compliance for the Financial year ended 30th June 2006 is annexed and forms part of the Directors' Report.

FIXED DEPOSITS

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

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:

- That in the preparation of the annual accounts for the financial year ended 30th June 2006, 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 judgments 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.
- f) That the directors had prepared the accounts on a "Going Concern" basis.

Employees, Distributors, Suppliers and other business associates.

ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
Ramniwas R Dhoot
(Chairman)

Date: 10th August 2006

Place: Mumbai

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.

DIRECTORS

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

PARTICULARS OF EMPLOYEE

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

AUDITORS OBSERVATIONS

The Auditors observations are duly explained in notes to the accounts annexed with the Annual Accounts that are self-explanatory.

INSURANCE

Properties and Assets of the Company are adequately insured.

PERSONNEL AND WELFARE

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

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

a) CONSERVATION OF ENERGY

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 earnings -	Rs.128.11 Lacs
	(previous year Rs 921.7lacs)
Foreign exchange expenditure -	Rs. 5.69 Lacs
	(previous year Rs. 39.4 lacs)

ACKNOWLEDGMENTS

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Shareholders, Financial Institutions, Banks,

IMP POWERS LIMITED

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

IMP Powers Limited was established in 1961 by Shri Ramniwas Dhoot and is now more than 44 years old Company having two very well established Manufacturing Units at MUMBAI & Silvassa manufacturing entire range of Electrical Measuring Instruments, Testing Equipments, distribution & Power Transformers and has got wide experience in this field. Continuous R&D, adoption of new technology keeps IMP products one of the best in the field. IMP is the only Company having this product conglomerate to give meters, testing equipments, Distribution & Power Transformers and OLTCs all under one Brand name.

INDUSTRY STRUCTURE AND DEVELOPMENTS:**Transformer Manufacturing Industry in India**

The Transformer manufacturing industry in India has evolved significantly and has a well-matured technology base upto 800KV class. Indian manufacturers have a proven ability, technology and the capacity to manufacture a wide range Power, Distribution transformers and other special types of transformers. Infact, around 95% of the transformers installed in the Indian Power Network are indigenous.

India is now catering to overseas demand from the Middle East, Africa, Europe and America for the designing and manufacturing of Energy Efficient transformer, which have low losses and low noise levels.

Transformer Industry Outlook

Demand for transformers comprises of new demand as well as replacement demand.

New Demand- About 100,000 MW of generating capacity will be added by 2012 and an additional 20,000 MW by the five Ultra Mega Power Projects, totalling 120,000 MW worth capacity. As a Thumb rule, for every 1 MW of capacity that comes up, 7 MVA of transformers will be used across the generation, transmission and distribution segments. This means an additional demand of 840,000 MVA of transformer capacity will need to be satisfied.

Replacement Demand - Replacement Demand of 2-3% is expected every year.

STRENGTHS:

Your Company is a Government Recognized Export House and having to its credit various Export Award and are manufacturing transformers ranging from 10KVA to 100 MVA up to 230 KVA Class and is having quality manufacturing and technical skills leading to low failure rate.

- Your Company as you know has a distinct presence in the manufacture of Power & Distribution Transformers, Electrical Measuring instruments and testing equipments.
- Your Company is having vendor approval from almost all the State Electricity Boards, Major Turnkey contractor and consultants which includes to name a few like PGCIL, MECON, M N Dastur, NTPC etc. and it is the only transformer company in India to be in Zero Sales Tax Zone enjoying 15 year sales tax holiday.
- The Transformer Manufacturing facility of the Company is at Silvassa and Meter Division of the Company is at Kandivli in

Mumbai.

- Supplying to major turnkey contractors such as SIEMENS, L&T, IVRCL, Tata Power, Nagarjuna, Kalptaru, SPIC-SMO, Jyoti Structures and Reliance etc.
- Your Company is an ISO-9001 Certified Company for Transformers & Meters and the first company in INDIA in the transformers and meters for getting this certification.
- World Class production facilities at Silvassa and Kandivli to manufacture transformers and meters and our production facilities has been approved by Overseas Consultants & Clients to be among best companies.
- Entire design data's on CAD/CAM facility and in-house design team with more than 3000 designs in our databank.
- Having on record of successfully conducting more than 100 Impulse tests & 50 short circuit tests on various rating transformers from 10KVA to 100MVA.
- Extensive dealers network
- Yearly contracts for supplying to Developed Countries like U.K., Australia, Newzealand etc.
- Since your company is manufacturing OLTC & RTCC itself, therefore, only the cost of price of the same is added to the transformer price and thus our prices are most competitive than any other manufacturer who has to add the purchase price of OLTC from other OLTC manufacturer.

WEAKNESS:

- Raw Materials -The main raw materials for manufacture of transformers are copper; CRGO, transformer oil and steel stampings are all commodities and hence are subject to fluctuations in prices, which may affect margins.
- Liquidity - Liquidity is always an issue because of delay in payments by SEBs.
- High debt equity ratios.

OPPORTUNITIES:

The well being of the transformer manufacturers is closely related to the investments made in the Power Sector. With the huge investments planned in the power sector, the trickle down effect will lead to an up tick in the transformer manufacturing in India.

a) Power reforms

The Government of India initiated industry reforms with the introduction of The Electricity Act, 2003 and the Accelerated Power Development and Reform Program (APDRP). Targeted capacity addition by the end of 2012 is 212,000 MW from the 115,545 MW in December 2005. The total investment planned for the power sector is more than Rs 900,000 crore by 2012 under the 10th and 11th Five Year plans.

The APRDP scheme is specifically meant to curb distribution losses. The introduction of the APDRP scheme has stipulated huge investment in transmission and distribution business commensurate with that in generation and in transmission highways.

The programmes of the Government of India are primarily focused on the following:

- Access to electricity-to be made available for all households in the next 5 years.
- Availability of power by demand to be fully met by year 2012.
- Energy shortage and the peak requirement to be overcome with higher power generation capacity and development of adequate spinning reserve.
- Per capita consumption of electricity to rise to over 1,000 Kwh in the next 10 years (from the existing level of about 600 Kwh).
- The sector to achieve financial and commercial turn around
- Consumers' interest to be accorded top priority.

Accordingly, The Central Government has followed the enactment of the Electricity Act with other major reform initiatives during FY 2006, which include:

- Formation of Appellate Tribunal for Electricity
- National Tariff Policy
- Ultra Mega Power Projects
- Integrated Power Policy
- Launch of nation-wide Rural Electricity Infrastructure and Household Electrification Programme - Rajiv Gandhi Gramin Vidyutikaran Yojana

b) Ultra Mega Power Projects

The Ultra Mega Power Projects expected to cost around Rs 15,000 crore each creating a capacity of 20,000 MW. Various Multinational Companies have lined up huge investments not only in the generation but also in distribution. The privatisation of distribution is likely to encourage expenditure on T&D infrastructure. Investments in the inter-regional transmission capacity will help sustain demand for T&D equipment.

THREATS:

The growing presence of global participants in the Indian power and distribution transformers market will be a cause for concern for local manufacturers. Multinational manufacturers have expertise in segments such as extra high voltage (EHV) power transformers and unitized substation technologies.

Moreover, relatively low crucial investment in India poses a challenge to domestic participants that eventually tie-up with multinational giants for high-end technologies.

In addition, the global price hike in transformer raw materials such as copper, aluminum, and oil resulted in the increase in transformer prices in India. Also, shortage of cold rolled grain oriented (CRGO) steel is further escalating the price of this essential 'transformer core' material. With growing demand and prices correspondingly rising, manufacturers may find it difficult to maintain margins in the long term, thereby transferring the burden of increased costs to end users

METER DIVISION:

With the manufacturing sector growing at a phenomenal rate of 10% p.a. the demand for Electronic digital measuring & indicating instruments has already crossed over 250 Crores, the Company is poised to enter this market aiming at a major market share and hopes to achieve a additional sales of 10 Crores in the first year.

In an expansion underway, the Kandivli plant of the Company is being upgraded with state of art facilities to manufacture complete range electronic analog and digital meters including Ammeter, Voltmeter Frequency Meter, Dynamometer type Watt Meter, Power Factor Meter, Phase sequence Indicator, KVA Meter etc. in addition to High end meters like Maximum Demand Indicator, Trivector Meter and kWh Meters. Sales and distribution is likely to begin from the second quarter of the current year.

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:

During the year under review, the net profit for the current year has shot up to Rs. 373 lacs, showing a complete turnaround from the net loss of Rs. 570 lacs in the previous financial year ended 30th June 2005(15 months).

The net sales turnover has increased to Rs. 6740 lacs against Rs. 4389 lacs in the previous financial year(15 months) registering increase of 53.57%. The Exports have also risen to Rs. 2008 lacs as against 936 lacs in the previous financial year.

MATERIAL DEVELOPMENT ON HUMAN RESOURCES:

The Company believes that human resources are vital resources in giving the Company a competitive edge in the current business environment. Therefore, The Company has established a full-fledged Human Resource Department, which is focused on welfare and development of the Human Resources. The Company has more than 250 employees at the end of June, 2006. As in the past, the industrial relation continues to remain generally cordial at all locations of the Company.

CAUTIONARY STATEMENT:

The Management Discussion and Analysis Report Contains forward looking statements based upon the data available with the Company, assumptions with regard to Global and Indian Economic Conditions, the government policies etc. The Company cannot guarantee the accuracy of assumptions and perceived performance of the Company in future. Therefore, it is cautioned that the actual results may materially differ from those expressed or implied in the Report.

ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

Ramniwas R Dhoot
(Chairman)

Date: 10th August 2006

Place: Mumbai

IMP POWERS LIMITED

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

The Company treats Compliance with Laws, transparency, Fairness and Disclosure while dealing with government, shareholders, employees, customers, suppliers and other stakeholders as the guiding posts of its Corporate Governance Philosophy.

Board of Directors

Chairman :

Shri Ramniwas R. Dhoot, is the Executive Chairman of the Board of Directors.

Composition of the Board :

The Board of Directors consisted of 6 Directors as on 30th June 2006 with an optimum mix of Executive and Non-Executive Independent Directors. Out of 6 Directors, 3 (50%) of the Directors were Non Executive Independent Directors and rest 3 directors were the Executive Promoter- Directors as on 30th June 2006.

Board Meetings :

During the financial year ended 30th June 2006, the Board of Directors met 10 times i.e. on 30th July 2005, 29th September 2005, 24th October 2005, 14th November 2005, 23rd January 2006, 15th February 2006, 3rd April 2006, 8th April 2006, 20th April 2006 and 19th May 2006.

Composition of Board and other related matters:

Name of Directors	Category	No. of Directorship held	No. of other Board Committees of which Membership	Board Meetings Attendance	Attendance at the last AGM
Mr. Ramniwas R. Dhoot	Promoter Executive Chairman	Nil	Nil	10/10	Yes
Mr. Ajay R. Dhoot,	Promoter Managing Director	Nil	Nil	10/10	Yes
Mr. Aaditya R Dhoot	Promoter Jt. Managing Director	1	Nil	10/10	Yes
Mr. N. Tata Rao	Non Executive Independent	Nil	Nil	0/10	No
Mr. Ramdas T. Rajguroo	Non Executive Independent	Nil	Nil	9/10	Yes
Mr. Prashant J. Pandit	Non Executive Independent	Nil	Nil	7/10	Yes

NOTE : Directorship in Private Limited Companies are excluded in the above table.

COMMITTEES OF THE BOARD :**A) Audit Committee :**

The Audit Committee consists of two independent Directors and One Executive Director. The Audit Committee meetings were held 3 times i.e. on 24th October 2006, 23rd January 2006 and 20th April 2006. During the year, the committee reviewed the financial results and also had regular interaction with the Statutory Auditors of the Company.

Composition of the Audit Committee and detail of attendance thereat:

Sr. No.	Name of Director	Designation	No. of Meetings Attended
1	Prashant J Pandit	Chairman	3/3
2	R.T. Rajguroo	Member	3/3
3	Aaditya R Dhoot	Member	3/3

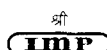
Terms of Reference to Audit Committee in Brief :

The terms of the reference of the Audit Committee are those prescribed under clause 49 of the Listing Agreement including inter-alia the review of financial results before submission to the Board for approval to ensure that the financial statements are correct, sufficient and present true and fair view, interaction with Statutory Auditors, recommendation of appointment and payment of audit fees to the Auditors and to review the adequacy of internal control systems.

B) Shareholders/Investor Grievances Committee :

Shareholder/Investor Grievances Committee consists of Shri R.T. Rajguroo, Shri Ajay Dhoot and Shri Aaditya Dhoot. Shri R.T. Rajguroo, Non executive Director is the Chairman of the Committee. The Committees meets fortnightly.

Broad terms of Reference to Shareholders/Investor Grievances Committee :



To approve Share Transfers, to review and advise the Company on any grievance in relation to (a) Non-transfer of shares (b) Non-receipt of Annual Report (c) any other grievance raised by any shareholder.

Status of Investor Complaints :

12 complaints were received from Investors during the financial year and same were duly resolved and as on date there is no such complaint pending.

Compliance Officer : Gaurav Thakur, Company Secretary

REMUNERATION OF DIRECTORS:

The Non-executive Independent Directors are paid only sitting fees and there is no other pecuniary relationship or transaction of the Non-executive Independent Directors vis-à-vis the Company.

Remuneration Structure of Executive Directors :

Particulars	Shri Aadiya Dhoot	Shri Ajay Dhoot	Shri Ramniwas R. Dhoot
	Jt. Managing Director	Managing Director	Chairman
Remuneration	80000/- per month	90000/- per month	100000/- per month
Housing	Maintenance Exps. of residence	Maintenance Exps. of residence	Maintenance Exps. of residence
Medical Expenses	Rs. 10000/- per annum.	Rs. 10000/- per annum.	Rs. 10000/- per annum.
Leave Travel Allowance	Up to 3000 KM with in India	Up to 3000 KM with in India	Up to 3000 KM with in India
Insurance Premium	Rs. 8000/- per annum	Rs. 8000/- per annum	Rs. 8000/- per annum
Privilege Leave	30 days	30 days	30 days
Gratuity	15 days salary for every completed year	15 days salary for every completed year	15 days salary for every completed year
Car	Chauffer driven Car	Chauffer driven Car	Chauffer driven Car
Residence Telephone	Full reimbursement	Full reimbursement	Full reimbursement

Notes :

1. The Company does not have a Stock Option Scheme and no severance fees are payable to any Directors.
2. No sitting fees is paid to the Executive Directors
3. The above remuneration structure has become effective w.e.f. 1st Jan 2006.

Shareholding of Non executive Directors :

Non-executive Directors are not holding any shares of the Company.

GENERAL SHAREHOLDER INFORMATION:

Registered Office	"Advent", 7th Floor, 12 A, General J. Bhonsale Marg, Nariman Point, Mumbai 400 021. Telephone : 022-2202 1890 Fax : 0091-022-2202 6775 Email : homkt@imp-powers.com Website : www.imp-powers.com
Annual General Meeting	Date and time : Thursday, 30th November 2006 at 4.00 pm Venue : "Conference Hall" , 85, Government Industrial Estate, Kandivli(W), Mumbai 400067
Financial Year	1st July to 30th June