



IMP Powers Ltd.

Stepping up !



**50th Annual Report
2011 - 2012**

BOARD OF DIRECTORS

Shri Ramniwas R Dhoot	Chairman
Shri Ajay R Dhoot	Managing Director
Shri Aaditya R Dhoot	Jt Managing Director
Shri Rajendra Mimani	Director-Marketing
Shri R. T. RajGuroo	Director
Shri Prashant J. Pandit	Director
Shri Jayant N. Godbole	Director
Shri Prakash Bagla	Director
Shri Siby Antony	Director

BANKERS

State Bank of Hyderabad
State Bank of India
Bank of India
The Karnataka Bank Ltd
IDBI Bank Ltd
Axis Bank Ltd

AUDITORS

Batliboi & Purohit
National Insurance Building, 204,
Dadabhoy Naoroji Road, Fort, Mumbai – 400 001

REGISTERED OFFICE & FACTORY

Survey No. 263/3/2/2, Sayli Village
Umarkoin Road, Silvassa (U.T. D&NH) -396230

CORPORATE OFFICE

35/C, Popular Press Building
2nd Floor, Pt. M M Malviya Road,
Tardeo, Mumbai – 400034

Registrar & Transfer Agents

Link Intime India (Private) Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup, Mumbai -400078
Tel: 022-25963838; Fax: 25946969

CONTENTS

1. Notice	2
2. Directors' Report	4
3. Management Discussion & Analysis Report	9
4. Corporate Governance Report	14
5. Auditors' Report	22
6. Balance Sheet	25
7. Profit and Loss Account	26
8. Cash Flow Statement	27
9. Notes Forming Part of Accounts	29
10. Consolidated Financial Statements	50

50th Annual General Meeting

Monday, 17th December 2012 at 3.00 p.m. at the Registered office of the Company at
263/3/2/2, Sayli Village, Umerkoin Road, Silvassa 396230, Dadra & Nagar Haveli (U.T.)

Members are requested to bring their copy of the Annual Report to the Annual General Meeting

IMP POWERS LIMITED

NOTICE

Notice is hereby given that the 50th Annual General Meeting of IMP Powers Ltd. will be held on Monday, the 17th December 2012 at 3.00 p.m. at the Registered office of the Company at Survey No.263/3/2/2, Village Sayali, Umerkoi Road, Silvassa 396230, Dadra & Nagar Haveli (U.T.) to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2012, the Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare Dividend on equity share.
3. To appoint a Director in place of Shri Siby Antony who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri. Jayant Godbole who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THERE AT INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY INSTRUMENT TO BE IN ORDER MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting. Members are requested to bring their copy of the Annual Report to the meeting.

Book Closure & Dividend

- 3) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 5th December 2012 to Wednesday, 12th December 2012 (both days inclusive).
- 4) The dividend, if declared at the Annual General Meeting, will be paid on or before 16th January 2013 to those persons or their mandatees:
 - i) whose names appear as beneficial owners on the date of the meeting in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - ii) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Registrar and Share Transfer Agent on the date of the meeting.

5) **Nomination facility**

- Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agent.
 - Members holding shares in electronic form may obtain the Nomination Forms from their respective Depository Participants.
- 6) In respect of the matters pertaining to bank details, mandates, nomination, power of attorney, change in name/address, e-mail address etc. the members are requested to approach :
- The Company's Registrar & Share Transfer Agent, in case of shares held in physical form and
 - The respective Depository Participants, in case of shares held in electronic form.
- 7) In all correspondence with the Company/Registrar & Share Transfer Agent, members are requested to quote their folio numbers or DP ID and Client ID in respect of Shareholding in physical or electronic form respectively.
- 8) A member desirous of getting any information in respect of the contents of the Annual Report is requested to forward the queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.

Regd.Off. :

Survey No.263/3/2/2
Umerkoi Road, Village Sayali
Silvassa, 396230
Dadra & Nagar Haveli (U.T.)

By Order of the Board

Ramniwas R Dhoot
Chairman

Place : Mumbai

Date: 7th November 2012

IMP POWERS LIMITED

DIRECTOR'S REPORT

To,
The Members Of
IMP POWERS LTD.

Dear Shareholders,

Your Directors have pleasure in presenting you the 50th Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the financial year ended 30th June 2012.

FINANCIAL RESULTS:

The financial and operating highlights for the year under review, compared with the previous financial year, are given below:

(in lakhs)

PARTICULAR	JUNE 30,2012	JUNE 30,2011
Total Sales	28224.27	24914.98
Other Income	9.01	13.91
Total Sales and Other Income	28233.28	24928.89
Profit before Depreciation, Interest and Finance Charges and tax	3367.32	3057.13
Less : Provision for depreciation	426.44	392.48
Less: finance cost	1922.30	1626.13
Profit before tax	1018.58	1028.52
Less : current tax	205.78	229.09
Less : deferred tax	92.83	77.90
Less : Fringe Benefit Tax	0.00	0.00
Net Profit after tax	719.97	721.53
Extra Ordinary Item	0.00	443.50
Net Profit	719.97	278.03
Earning Per Share before extra ordinary Items		
Basic	8.73	8.75
Diluted	8.73	8.75
Earning Per Share after extra ordinary Items		
Basic	8.73	3.30
Diluted	8.73	3.30

OPERATIONS:

The performance of your Company during the financial year was impressive and maintained the growth trajectory especially in stiffly competitive and tough market. The total income for the year ended 30th June 2012 at Rs.28233 lacs registered an growth of 13 % as against total income of Rs.24940 lacs during the previous year ended on 30th June 2011. Export sales for the year 2011-12 was Rs. 3977 lacs compared to Rs. 925 lacs for the year 2010-11.Net Profit for the year ended 30th June 2012 grew by 159 % to Rs.720 lacs as against Net Profit of Rs.279 lacs (after extra ordinary item) of the previous year. The Consolidated PAT of the Company during the year was Rs.690 lacs.

Your Company has a very healthy unexecuted order book of 6339 MVA of transformers worth Rs.22000 lacs as on 30th June 2012.

FUTURE PROSPECTS

Despite stiff competition due to market conditions, your Company has continued the growth trajectory by achieving 13% higher sales compare to last year. Your Company is confident of continuing the same growth year on year with dedicated and experienced marketing team, penetration to electricity boards in South and East region, relationship with the customers by which getting the repeat orders. The margins are going to be under pressure due to competition, but looking at the reforms undertaken in the power sector, this is bound to ease out shortly.

Your Company is focusing more on SEBs, a shift from EPC, where the take of materials is faster. Your Company apart from continued focus on the existing markets in North and West, intends to strengthen its position in East and South markets. Your Company has started participating in tenders of electricity boards of Tamilnadu, Karnataka, Orissa, West Bengal and the results are quite encouraging.

During the year, your Company has executed the export order of \$6 million received from Africa. Looking to the huge export potential in Africa market, your Company is confident of expanding its activity in Africa region and seeking opportunity in other international markets.

During the year, your Company has received first of its kind order of 315MVA/400kv class transformer from MSETCL by which your Company now is in the elite group of transformer manufacturers of 400 KV. Your Company will concentrate on manufacturing EHV transformers where the demand is rising due to the augmentation of 765kV lines.

Your Company has strong R & D division. With a view to save cost and improve the designs, your Company is going to strengthen the division to create more innovative and economical designs for higher range of transformers.

Your Company is concentrating on repair business of transformers having huge potential by taking the advantage of wide customer base. During the year, your Company has received orders from Haryana and Punjab electricity boards. Your Company is now penetrating into other electricity boards.

IMP Energy Limited

With the thermal power generation segment facing the issue of shortage of coal, other power generation sources like Hydro and renewable energy will get attention in the coming years. During the year, IMP Energy Ltd (IEL) has been incorporated as a subsidiary of your Company for mini and small hydro EPC business of less than 5 MW. IEL has received the order worth Rs.55 cr from LREDA – LEH and KREDA- Kargil in short span of six months. IEL is focusing on these regions and expecting orders totaling Rs.100 cr in the current year.

Key Achievements:

- **Your Company is now completely out of CDR by repaying 100 % recompense amount.**
- Your Company has received maiden order from MSETCL for supply of EHV Transformers of 315MVA, 400kv Class which puts your Company in the top league of manufacturers in the Country.
- Single largest order from RRVPNL of 2080 MVA of 13 No.s of 160 MVA, 220kv Class.
- Executed single largest export order of \$ 6 Million from Africa.
- Formed IMP Energy Ltd, a subsidiary of IMP Powers Ltd. an PMC/EPC Co. for Small/Mini/Hydro Powers. The Company has set up its office in Delhi – Gurgaon.

Subsidiary Company

With the thermal power generation segment facing the issue of shortages of coal (major raw material), other power generation sources like nuclear, hydro and renewable energy sources will get attention in the coming years.

The hydro power segment offers investment opportunities as India is considered to have hydro power generation potential worth 1,50,000 MW; of which only 25% has been harnessed till date.

Keeping in view the huge potential in this sector, IMP Energy Limited (IEL) has been incorporated as a subsidiary of IMP Powers Ltd. (IEL) It was launched for providing EPC for setting up of small and mini Hydro projects. The basic idea of embarking for Small Hydro Projects is to offer complete “End to End solution” by giving all services under one roof. The most

IMP POWERS LIMITED

critical part for the development of Small Hydro Project is complete coordination among various facets such as Planning, Civil Works, Hydro Mechanical Works and Electro-Mechanical Works. IMP Energy Ltd. has tied up exclusively with turbine manufacturers as this is one of the most critical components in the E & M side.

Your Company is focusing mainly in Jammu & Kashmir, LEH/Ladakh and Kargil where there is an acute shortage of power and in most places will replace DG. These projects are run on the river projects which do not require any environment clearance nor any displacement of people/villages and nor any dams. These are funded and monitored by Government itself through MNRE.

Your Directors have pleasure to announce that in a short span of 6 months, IEL has secured orders of Rs.55 Crores till date. The pipeline of new orders looks very strong and expects to gain meaningfully in the current year.

Exemption under Section 212 (8) of the Companies Act, 1956.

Ministry of Corporate Affairs has vide its General Circular No.2/2011 dated 8th February 2011 has granted general exemption under Section 212 (8) of the Companies Act, 1956. Your Company opted for the said exemption exempting the Company from attaching the audited financial statements of the subsidiary as specified under Section 212(1) of the Act. Annual Accounts of the Subsidiary and related information will be made available to the shareholders of the Company. The said accounts will also be kept open for inspection by any shareholder at the Company's registered office. The summarized financial information of IMP Energy Ltd. is published separately in the Annual Report.

A statement pursuant to Section 212 of the Companies Act, 1956 in respect of Subsidiary Company is annexed herewith and forms part of this Annual Report.

As required under the Listing Agreement with the Bombay Stock Exchange Ltd., (BSE) attached herewith is a Consolidated Financial Statement of your Company and its aforesaid Subsidiary prepared in accordance with Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India.

DIVIDEND

Your Directors' have pleasure to recommend a Dividend of Re.1/- per equity share and a Special Dividend of Re. 0.50/- per Equity Share on 8136563 Equity Shares of Rs.10/- each for the year ended June 30, 2012. This Special Dividend is recommended to commemorate the Golden Jubilee Year of your Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a detailed review by the Management on operation, performance and future outlook of the Company and its business, is presented in a separate section viz: Management Discussion and Analysis forming part of this Annual Report .

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Associations of the Company, Mr. Jayant Godbole and Mr. Siby Antony, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- That in the preparation of the annual accounts for the financial year ended 30th June 2012 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- They have 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 as at 30th June 2012 and of the profit and loss account of the Company for the year ended on that date;
- They have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. Batliboi & Purohit, Chartered Accountants, Statutory Auditor of the Company, who hold office until the conclusion of ensuing Annual General Meeting will retire at the forthcoming Annual General Meeting. The Company has received a certificate from the Auditors of the Company to the effect that their appointment, if made, would be in accordance with Section 224(1B) of the Companies Act 1956. The Board recommends their appointment.

AUDITORS' REPORT:

The observations in the Auditors' Report read with the Notes to accounts are self-explanatory and do not call for comments.

CORPORATE GOVERNANCE

Your Company has been complying with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. A separate section on Corporate Governance forms part of the Directors' Report and a certificate from Statutory Auditor for compliance forms part of Corporate Governance Report.

CODE OF CONDUCT COMPLIANCE:

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the declaration signed by the Managing Director regarding Code of Conduct Compliance for the financial year ended 30th June 2012 is annexed and forms part of the Directors' Report.

FIXED DEPOSIT

Your Company has not accepted any fixed deposit from the public during the year ended 30th June 2012.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has adequate system of internal control in order to ensure that all the transaction are duly authorised, recorded and reported correctly.

Internal audit is looked after by independent firm of Chartered Accountants, M/s Sharp & Tannan Associates who conducts regular audit. Summarized internal audit observation/reports are reviewed by the Audit Committee on a regular basis. Both the Statutory as well as the Internal Auditor of the Company independently evaluate the adequacy of the internal control system. Based on the audit observations and suggestions, remedial measures are being taken by the Management on a regular basis .

INSURANCE

Properties and Assets of Your Company are adequately insured.

HUMAN RESOURCES

Your Company recognizes that people are its principal assets. Company's growth is always dependent upon its ability to attract and retain good quality people. A full-fledged Human Resources Department has been set up which is entrusted with the responsibility of recruiting new talent from the market, retaining and developing skills of the employees of the Company by conducting various trainings in its in house training centre at the Silvassa Factory.

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

PARTICULARS OF EMPLOYEES

The Company has not employed any employee drawing remuneration in excess of the limits prescribed, under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 as amended vide Companies (Particular of Employees) Amendment Rules ,2011 during the year under review .

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**A) Conservation Of Energy****Steps taken for conservations**

1. Installation of 144 nos turbo ventilator fans in production shops. These fans run on wind energy requiring no

IMP POWERS LIMITED

electrical power .Shop temperature will be lowered by about 5 degree C & hence use of normal fans will be drastically reduced Further, translucent sheet used for each fan will increase sunlight in the shop which will reduce power consumption on lighting.

2. Preventive maintenance of all vacuum pumps done which has increased their efficiency & reduced power consumption.
3. Installed 10kvar capacitor bank in APFC panel to improve power factor.
4. Maintained 4% oxy level in thermo pack diesel.
5. Replacement of mercury lamps with metal halide lamps .
6. Started use of LED lamps.
7. Reduction in wastage of energy by optimum use of plant & machinery, air conditioners and lighting in workshops/ offices. with the help of various measures undertaken by the Company, there is a reduction in consumption of energy. Your Company is making continuous efforts to further reduce energy consumption and consequent cost of production.

B) Details of Foreign Exchange Income and Outgo Are As Below:

(In Lacs)		
PARTICULAR	2011-2012	2010-2011
Foreign exchange earnings	3977.15	916.90
Foreign exchange expenditure	18.37	10.00

ACKNOWLEDGEMENT

The Board of Directors takes this opportunity to thank all investors, clients, vendors for their continued support. The Board is also thankful to the bankers for extending timely assistance in meeting the financial requirement of the Company. It would further like to place on record the co-operation and assistance provided by Government Departments, Stock Exchanges and other regulatory authorities.

Your Director also wish to place on their record their appreciation for the contribution made by the employees at all level.

For and on Behalf of Board of Directors

Sd/-

Ramniwas R Dhoot

Chairman

Place: Mumbai

Date: 7th November 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC REVIEW :

The Global Economy is yet again facing financial meltdown like 2008-09. One can say that it has not completely come out of the receding effects of the financial meltdown witnessed during 2008-09. Impact of European economy crisis took over the world economy which continue to remain uncertain. The Indian economy also has not been spared by the effects of global turmoil and slowed down to 6.5 % from 8.4% in the year 2010-2011. However recently Assocham Survey indicated that it may further slowed down to 6-6.3 % during the fiscal 2012-13. The growth is primarily being driven by domestic investment and consumption with positive impact of rising economic activity in rural areas. However, concerns like containing inflationary pressure on the back of rising food prices and commodities have been the top priority of the Government. While the impact of this challenges may create periodic volatility in the short term, we expect Indian economy to sustain steady growth rate over medium to long term based on its strong fundamentals.

FUTURE PROSPECTS

India has stepped its development agenda and power is an inevitable element of economic growth and development. Growth in the power sector is related to India's GDP growth rate and hence, in order to sustain the growth of 8-9% in GDP, India needs to continuously add power generation capacity to commensurate with this pace.

Although, the Indian power sector is one of the fastest growing sectors in the world and energy availability has increased by around 36% in the past 5 years, the demand for power outstrips its supply. Nearly 60 crore Indians do not have access to electricity. The energy and peaking deficits have been hovering around double digits for the past two years and the condition might worsen in the coming years considering the huge demand of power from India's rising population and rapid industrialization and urbanization. Hence, there is no slowing down of demand for the Power Sector, thus offering ample scope for rapid capacity expansion.

The Government is investing in this industry through various development schemes like Rajeev Gandhi Rural Electrification Program, '**Power for all by 2012**' and Accelerated Power Development and Reform Programme (APDRP), Ultra Mega Power Projects etc. It has also been encouraging participation of private players in this Sector.

Renewable energy sources are also being encouraged considering the growing environmental concerns. Hence, the future prospects of nuclear power, hydro power and power from renewable energy sources are also good.

In the backdrop of burgeoning energy needs, energy security and environmental concerns have emerged as important concerns for increasing number of countries worldwide. As a result, the fact is now well established that the world has no other option but to transform the present energy usage pattern in favour of renewable energy, given the benefits it offers. India is no exception in this regard. With rapidly rising energy demand on one hand and formidable challenge of providing adequate energy supply in a sustainable manner on the other hand, renewable energy technologies have started getting increased support in terms of favourable regulatory and policy environment. This, coupled with abundant availability of renewable energy sources has labeled India as one of the most attractive destinations for investments across the renewable energy value chain.

Looking at the above points, the long term future prospects of the Indian Power Sector appear to be Green (Very Good).

OUT LOOK ON POWER INDUSTRY

The Indian Power Industry is one of the largest and most important industries in India as it fulfills the energy requirements of various other industries. It is one of the most critical components of infrastructure that affects economic growth and the well-being of our nation.

India has the world's 5th largest electricity generation capacity and it is the 6th largest energy consumer accounting for 3.4% of global energy consumption. Due to the fast-paced growth of the Indian economy, the country's energy demand has grown at an average of 3.6% p.a. over the past 30 years.

Total Installed Capacity of Power in India is approximately 2,00,000 MW. of this, more than 75% of the installed capacity is with the public sector (State and Central), the State sector having the largest share of 48%.

Power sector at this point of time is undergoing crucial changes in terms of huge capacity addition, higher efficiency, increased private power participation, competitive pricing and improved regulatory framework. The power requirement in India is expected to grow manifold in the coming years as a result of industrial and urban expansion. Government of India has responded