



**IMP POWERS LTD**

**ISO 9001:2008 ISO 14001:2004 COMPANY**

**Stepping up !**



**51<sup>st</sup> Annual Report  
2012 - 2013**

## BOARD OF DIRECTORS

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

## 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  
Tel. No.: 0260 - 653 8571  
Fax : 0260 - 268 1043 • Email : silvasaworks@imp-powers.com

## CORPORATE OFFICE

35/C, Popular Press Building  
2<sup>nd</sup> Floor, Pt. M M Malviya Road,  
Tardeo, Mumbai – 400034  
Tel. No.: 9122 2353 9180-85  
Fax : 91 22 2353 9186-87 • Email : info@imp-powers.com

## 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

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## 51<sup>st</sup> Annual General Meeting

Monday, 30<sup>th</sup> September, 2013 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 51<sup>ST</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF IMP POWERS LIMITED WILL BE HELD ON MONDAY, THE 30<sup>TH</sup> DAY OF SEPTEMBER, 2013 AT 3.00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT SURVEY NO.263/3/2/2, VILLAGE SAYALI, UMERKOI ROAD, SILVASSA 396230, DADRA & NAGAR HAVELI (U.T.) TO TRANSACT THE FOLLOWING BUSINESS:**

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### **ORDINARY BUSINESS :**

- 1 To receive, consider and adopt the Directors' Report, the Audited Accounts including the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013 (Nine Months), the Balance Sheet as on that date and the Auditors' Report thereon.
- 2 To declare Dividend on Ordinary (Equity) Shares.
- 3 To appoint a Director in place of Shri R.T. Raj Guroo who retires by rotation and being eligible offers himself for re-appointment.
- 4 To appoint a Director in place of Shri Prashant Pandit who retires by rotation and being eligible offers himself for re-appointment.
- 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 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 alongwith the copy of the Annual Report to the Meeting.
- 3) Corporate Members intending to send their Authorised Representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
- 4) The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participants in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agents (RTA), M/s. Link Intime India Private Limited

### **Book Closure & Dividend**

- 5) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 18<sup>th</sup> September, 2013 to Wednesday, 25<sup>th</sup> September, 2013 (both days inclusive) for the purpose of payment of Dividend if any.
- 6) The Dividend, if declared at the Annual General Meeting, will be paid on OR before 30<sup>th</sup> day from the date of this Meeting to those persons or their mandates:
  - 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.

### **7) Nomination facility:**

- a) Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar & Share Transfer Agent.
- b) Members holding shares in electronic form may obtain the Nomination Forms from their respective Depository Participants.

**8) National Electronic Clearing Services (NECS):**

To enable direct credit of the dividend amount into the Bank Account as per the Securities and Exchange Board of India circular dated 21<sup>st</sup> March, 2013, the Members are requested to update with their Depository Participant, the Bank Account details (including 9 digit MICR Code and 11 digit IFSC Code), in case the holding is in dematerialised mode. In case the shares are held in physical mode, the said details may be communicated to the Registrar and Transfer Agents, by quoting the Reference Folio No., and attaching a photocopy of the cheque leaf of the Bank Account and a self attested copy of the PAN card.

Alternatively, Members may provide details of their bank account quoting their folio numbers to the Company's Registrar and Transfer Agents to enable them to print such details on the dividend warrants.

- 9) 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.
- 10) 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.
- 11) 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.
- 12) Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar and Transfer Agents, M/s. Link Intime India Private Limited, for assistance in this regard.
- 13) Members are also requested that, those who have not so far claimed the dividends declared for any subsequent financial year(s) thereafter are requested to make claim with the Company immediately as no claim shall lie against the fund of the company in respect of individual amounts once credited to the Investor Education and Protection Fund set up by the Central Government. As pursuant to the provisions of the Companies Act, 1956, the dividend remaining unclaimed/unpaid for a period of seven years from the date it becomes due for payment shall be credited to the Investor Education and Protection Fund set up by the Central Government.

**By Order of the Board**

**Regd.Off. :**

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

**Ramniwas R Dhoot**  
**Chairman**

**Place : Mumbai**

**Date : 12<sup>th</sup> August, 2013**

**Green Initiative**

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the company and has issued circulars allowing service of notices/documents including Annual Report by e-mail to its Members. To support this green initiative of the government in full measure, Members who have not registered their e-mail addresses so far, are requested to register the same in respect of electronic holdings with the depository through their depository participants. Members who are holding shares in physical form are requested to get their e-mail addresses registered with our Registrar and Share Transfer Agent.

Even after registering, the e-mail addresses, the shareholders of the Company are entitled to receive notices/documents in physical form, upon request.

# IMP POWERS LIMITED

## DIRECTOR'S REPORT

To,

The Members Of  
**IMP POWERS LIMITED**

Your Directors are pleased to present their 51<sup>st</sup> Annual Report on the business and operations of your Company together with the Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2013 (Nine Months).

### **FINANCIAL RESULTS:**

The financial and operating highlights for the year under review, of the Company and that of the previous financial year, are given below:

(in lakhs)

PARTICULAR	*MARCH 31, 2013 (9 Months)	JUNE 30,2012 (12 Months)
Gross Turnover	22690.05	30717.84
<b>Turnover Net of Excise Duty</b>	<b>20509.99</b>	<b>28224.27</b>
Other Income	27.79	9.01
<b>Total Revenue from Operations</b>	<b>20537.78</b>	<b>28233.28</b>
<b>Profit before finance cost, depreciation and taxes</b>	<b>2004.05</b>	<b>3367.32</b>
Less : Depreciation	332.70	426.44
Less: Finance Costs	1330.47	1922.30
<b>Profit before tax</b>	<b>340.88</b>	<b>1018.58</b>
Less : current tax	139.33	205.78
Less : deferred tax	(26.61)	92.83
<b>Profit after tax</b>	<b>228.16</b>	<b>719.97</b>
Add: Profit brought forward from Previous Year	2024.97	1647.68
<b>Profit Available for Appropriation</b>	<b>2253.13</b>	<b>2367.65</b>
<b>Appropriation</b>		
Proposed Dividend (Equity)	40.68	122.05
Proposed Dividend (Preference)	7.36	9.80
Tax on Dividend	6.60	19.80
Transfer to 4% Preference Share Capital Redemption Reserve	18.38	24.50
Transfer to 1% Preference Share Capital Redemption Reserve	110.87	110.87
Transfer to Bond Redemption Reserve	41.74	55.66
<b>Surplus Carried to Balance Sheet</b>	<b>2027.50</b>	<b>2024.97</b>
<b>Earning Per Share</b>		
Basic	<b>2.71</b>	<b>8.73</b>
Diluted	<b>2.71</b>	<b>8.73</b>

**\*Note:** Your Company has changed its Financial Year, to April to March from July to June vide its Board Resolution No. 5(c) dated 14<sup>th</sup> May, 2012, accordingly the current Financial Year 2012-13 was for Nine Months i.e. from 1<sup>st</sup> July, 2012 to 31<sup>st</sup> March, 2013. Hence, the data as mentioned above for the Financial Year ended 31<sup>st</sup> March, 2013 (Nine Months) are not comparable with the previous year's figures.

### **DIVIDEND:**

Your Directors' recommended a Dividend of Re.0.5/- (i.e. @5%) per Equity Share on 8136563 Equity Shares of Rs.10/- each for the Financial Year ended 31<sup>st</sup> March, 2013 (Nine Months) from the current Year's Profit.

**YEAR IN RETROSPECT:**

Your Company has sustained its growth level and its performance was encouraging when viewed against the backdrop of the extremely challenging business context in which it was achieved, namely, the continued economic slowdown, weakening of rupee against the dollar leading to costlier imports, intense competition in the domestic segment, delay in getting clearance and completion of projects, government's inability to meet the targeted power generation plans.

Your Company manufactured 5759 MVA in nine months period of the year under review and achieved a total income of Rs 205.38 crores. Despite the higher production compared to last year, the revenue was not in line with increase in production due to low realization per MVA. Profit after Tax (PAT) stood at Rs. 2.28 crores, due to stiff competition on account of over capacity in transformer industry in Indian Market.

The consolidated sales of the year under review was Rs. 207.49 crores and PAT was Rs. 2.52 crores.

As on 31<sup>st</sup> May 2013, your Company had an order book position of Rs 300 crores. The table below indicates the division of orders amongst different class of transformers:

<b>Transformer Class</b>	<b>Order Book (INR crores)</b>	<b>%</b>
Upto 33 KV	0.85	0.34
>33 KV & <72 KV	6.31	2.50
>66 KV & <132 KV	8.62	3.41
>132 KV & <220 KV	236.78	93.75
<b>Total Transformer orders</b>	<b>252.56</b>	
Hydro projects	47.00	
<b>Total Order Book</b>	<b>299.56</b>	

Your Company has maintained its Leadership position in the 132 & 220 KV segment and it is amongst the top 7 manufacturers in two segments.

Your Company has set up state-of-the-art manufacturing facility to manufacture transformers upto 400 KV class and has entered into the elite league of manufacturers of 400 KV transformers in the country.

Your Company has started a separate repair division segment during the year, whereby it renders repairing facilities for high class of transformers. Considering the wide segment of customer base, repair division has huge potential as it successfully executed orders from Haryana and Punjab electricity utilities.

**Finance and Rating:**

Credit rating agency, CARE, in their recent evaluation, has reaffirmed their rating of CARE "BBB+" for long term credit rating and CARE "A2" for short term credit rating. Reaffirmation of rating from CARE is an acknowledgement towards the consistent performance of your Company, in spite of the prevailing difficult market conditions.

**Achievements:**

During the Year under review, IMP has successfully manufactured and dispatched 315 MVA, 400/220 KV Class Transformer to MSETCL from its state-of-the-art manufacturing plant at Silvassa.

IMP's in-house testing facility is accredited by NABL i.e. National Accredited Board for Testing and Calibration Laboratories which is an autonomous body under the aegis of Department of Science & Technology, Government of India. This is the highest accreditation for testing in the country."

Your Company has secured single largest prestigious order worth Rs. 101 Crores from RRVPNL.

Your Company was the first transformer manufacturing Company in India to obtain ISO 9001:2008 certification and is also ISO 14001:2004 certified.

**Future Growth Prospects:**

As per the XII five year plans, 85,000 MW capacity addition in power generation is planned by the end of the year 2017. Consequently huge requirement in the power transformation capacity would be required coupled with significant replacement demand of existing transformers as good population of the existing transformers has completed 20-25 years in field. Your

## **IMP POWERS LIMITED**

Company is well poised to clinch the opportunity with high production capacity and state-of-the-art manufacturing plant to produce upto 400 kV class transformers. The Company has made a paradigm shift of focus to SEB's, from EPC and is now an approved vendor with all SEBs, thereby actively bidding for major tenders and relying on its established credentials to win tenders.

In a bid to meet the high export demand, wherein the exports for Electrical Equipments are less than 1% of the global trade for Electrical Equipment, your Company's major thrust is on exports by increasing its market presence across in countries like Africa and the Middle East, tying up with several International EPC players by designing and manufacturing quality products, improving productivity, maintaining costs and meeting global standards through efficient performance.

Your Company's relentless focus on quality, innovation and differentiation backed by deep consumer insights, world-class R&D and an efficient and responsive marketing chain will further strengthen its leadership position in the Indian and International transformer industry.

### **Subsidiary Company:**

IMP Energy Ltd (IEL), a Subsidiary Company of IMP Powers Limited, incorporated on 3<sup>rd</sup> February 2012, is acting as a Project Management Consultancy (P.M.C.) with a clear vision of providing excellence and perfection to explore emerging opportunities in mini and small Hydro Power Projects up to 25 MW.

Primary focus of IEL has been Kargil, Leh Ladak in the region of J & K which after extensive research shows a completely untapped potential. It also operates in the niche area of renewable energy sector and has a great future ahead as India moves on from the traditional power sources available.

Your Directors have pleasure to announce that, in a year IEL has an existing unexecuted order book of Rs. 71 Crores as on date from Ladakh Renewable Energy Development Agency (LREDA) and Kargil Renewable Energy Development Agency (KREDA)

### **Investment in IMP Energy Limited, (IEL) a subsidiary of the Company:**

Your Company further invested in IEL, the Subsidiary of the Company by way of subscribing to 6,09,235 Equity Shares of Rs. 10 each, aggregating 60.92% in the Equity Share Capital of the IEL. Now, currently your Company holds 6,41,300 Equity Shares of Rs. 10 each, aggregating to 64.13% in the Share Capital of the IEL.

### **Exemption under Section 212(8) of the Companies Act, 1956:**

As per the general exemption granted under Section 212(8) of the Companies Act, 1956 by the Government of India, Ministry of Corporate Affairs, New Delhi vide its General Circular No.2/2011, dated 8<sup>th</sup> February, 2011, the audited annual accounts and other documents of the Subsidiary as specified under Section 212 of the Act are not attached to the Annual report of your Company. Members desiring to have a copy of audited Annual Accounts and the related detailed information of IEL, subsidiary of the Company, may write to the Company Secretary at the Corporate Office of the Company and they will be provided with the same upon such a request. Annual Accounts of the subsidiary company will also be kept for inspection of the Members at the Corporate Office of Your Company in the working days of the Company between 2.00 p.m. to 4.00 pm.

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

As required under the Listing Agreement with the Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE) and in accordance with the requirements of Accounting Standards AS-21, issued by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiary are annexed to this Annual Report.

### **CHANGE IN FINANCIAL YEAR OF YOUR COMPANY:**

Your Company has changed its Financial Year, to April to March from July to June vide its Board Resolution No. 5(c) dated 14<sup>th</sup> May, 2012, and hence the current Financial Year 2012-2013 was for Nine Months i.e. from 1<sup>st</sup> July 2012 to 31<sup>st</sup> March 2013. The data mentioned in this Report is for the said period of Nine Months.

### **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. R. T. RajGuroo and Mr. Prashant Pandit, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offers 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 Accounts for the Financial Year ended 31<sup>st</sup> March, 2013 (Nine Months) 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 31<sup>st</sup> March, 2013 (Nine Months) and of the profit of the company for that period;
- 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; and
- The Accounts have been prepared on a going concern basis.

**AUDITORS:**

M/s. Batliboi & Purohit, Chartered Accountants, who are the Statutory Auditors of the Company, hold office till the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Auditors have, under Section 224 (1B) and Section 226 of the Companies Act, 1956 furnished a certificate of their eligibility for the appointment. The Members are therefore requested to appoint M/s. Batliboi & Purohit, Chartered Accountants, as the Statutory Auditors of the Company for the Financial Year 2013-14 and to fix their remuneration.

**AUDITORS' REPORT:**

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

**COST AUDITORS:**

The Company has appointed M/s. V.J. Talati & Co., as the Cost Auditors to conduct the audit of cost accounting records maintained by the Company for the Financial Year 2013-2014, subject to the approval of the Central Government. The Cost Audit Report for the Year ended 31<sup>st</sup> March, 2013 will be filed on or before the due date.

**CORPORATE GOVERNANCE:**

Your Company reaffirms its commitment to the Corporate Governance and is fully compliant with the conditions stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate section on compliance with the conditions of Corporate Governance and a certificate from Statutory Auditors of the Company in this regards is annexed hereto and forms part of the 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 31<sup>st</sup> March, 2013 (Nine Months) is annexed and forms part of the Corporate Governance Report.

**FIXED DEPOSIT:**

Your Company has not accepted any fixed deposit from the public during the year ended 31<sup>st</sup> March, 2013 (Nine Months).

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

Your Company has adequate internal control procedures commensurate with its size and nature of business, in order to ensure that all the transactions are duly authorised, recorded and reported correctly.

Internal audit is looked after by independent firm of Chartered Accountants, M/s Sharp & Tannan Associates who audit the adequacy and effectiveness of internal controls laid down by the management and suggest improvements. Summarized Internal Audit observation/ reports are reviewed by the Audit Committee on a regular basis. The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports and adequacy of internal controls and risks management.



# IMP POWERS LIMITED

## INSURANCE:

The properties, and all insurable assets of your Company are adequately insured.

## HUMAN RESOURCES:

Your Company continues to place significant importance on its Human Resources, enjoys cordial relations at all levels and recognizes that personnel are its principal assets. The Company also believes that its growth is always dependent upon its ability to attract and retain good quality personnel. 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.

Your Company's Industrial relations at all divisions continued to be harmonious 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 (Particulars of Employees) Rules, 1975 as amended vide Companies (Particulars 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 conservation:

1. A new 200 ton state of art energy efficient overhead crane with squirrel cage motor & AC drive was ordered during the year 2012-13. Power consumption in this crane will be about 50% of conventional crane with slip ring motor without AC drive. The crane is under erection at plant & will become operational in August, 2013.
2. Energy efficient rotary vacuum pumps of Shinko Seiki, Japan & Oerlikon Leybold, Germany (total 2 nos) were installed during the year as a replacement to old pumps in our process plants, thereby reducing power consumption.
4. Cooling tower of 100 ton capacity was ordered in the year. This will reduce temperature of cooling water to our plant & machinery, thereby reducing power consumption due to increase in efficiency.
5. Reduction in wastage of energy by optimum use of plant & machinery, air conditioners and lighting in workshops/offices.
6. With the help of various measures undertaken by your Company, there is a reduction in consumption of energy per unit of physical production of transformers.

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

(In Lacs)		
PARTICULAR	2012-13 (Nine Months)	2011-2012
Foreign exchange earnings	7.45	3977.15
Foreign exchange expenditure	6.38	18.37

## ACKNOWLEDGEMENT:

The Board of Directors takes this opportunity to thank all, investors/ shareholders, consumers, dealers, distributors, 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 Directors wish to place on record their appreciation for the contribution made by employees at all levels to the continued growth and prosperity of your Company.

**For and on Behalf of Board of Directors**

**Ramniwas R Dhoot**  
Chairman

Place : Mumbai  
Date : 12<sup>th</sup> August, 2013

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC OVERVIEW:

Global economic scenario remained turbulent in the year under review. The uncertainties continued to remain in the current year as well. The India's GDP growth rate decelerated for the second year in succession. It was 5% in 2012-13 as against 6.2% in 2011-12, the lowest in the last decade. The growth in the Index of Industrial Production (IIP) also witnessed a slowdown to 0.9% largely due to infrastructure and input constraints.

The government is trying to encourage growth by hinting on at industrialists to increase investments. However, the current state of uncertainties, dull stock market, the investment climate in the country is restricting corporates from making investments in India. The Reserve Bank of India's recent macro-economic outlook acknowledges that growth has been hobbled by structural bottlenecks on the supply side. Thus impetus on the next phase of reforms by Government is significant and it will be essential that such reforms are effectively implemented to overcome the challenges that Indian economy is currently undergoing.

### TRANSFORMER INDUSTRY IN INDIA:

Transformer forms an integral part of the electrical industry which constitute almost 12% of the electrical equipment industry. As they play a critical role in setting up power grids, transformers are indispensable for any country's electrical sector.

The Indian transformer industry is more than five decades old, hence mature. Domestic manufacturers have developed capabilities to manufacture all types of equipment to meet the country's demand for transformers upto 800 kV and going upto 1200 kV. The industry enjoys a good reputation in terms of quality price and delivery in the domestic as well as overseas markets. The growth of transformer industry generally depends upon the planned capacity addition to power generation, transmission and distribution network in the country. India's power generation of installed capacity at the end of XI Five Year plan (March 31, 2012) stood at approx. 200000 MVA. Of the total, approx. 78,000 MW of power generation capacity addition was planned during the XI Five Year plan period, which was subsequently revised to 62000 MW, of which only 55000 MW of capacity was added. Acute fuel shortage, high coal prices and delay in commissioning of new units, affected capacity addition plans.

The addition of approximately 85,000 MW is planned in XII five-year plan by the year 2017. As a result of this, huge requirement in power transformation capacity would be required. Also, a good population of transformers has completed more than 20-25 years in field and these will be required to be replaced by new transformers in near future. It is estimated that total turnover of transformer industry is likely to be over **Rs. 12,000 Crores**. The installed capacity of the Indian Transformer industry in the organized and unorganized sector all together is about 4,00,000 MVA ranging from **5 KVA to 500 MVA** and voltage range from 1.1 KV to 1200 KV. Very recently 1200 KV technology has been developed and absorbed by the Indian industry. 1200 KV single phase transformers have been manufactured and are currently installed/being installed at 1200 KV BINA Sub-Station which is managed by PGCIL.

### **Size of Indian "Transformers" Industry for the Year 2012-2013:**

SR No.	Industry Size	2012-2013		2011-2012		% Change	
		MVA	Amt (in Crores)	MVA	Amt (in Crores)	MVA	Amt (in Crores)
1	<b>Power Transformers</b>	178705	4800	165090	5875	8.24%	18.30%
	10MVA to 500 MVA						
2	<b>Distribution Transformers</b>	178705	6000	165090	6500		
	Upto 10 MVA to 2500 KV						

**From the above it can be concluded that:**

Decline in value by 18.3% in Power Transformers was due to decline in Average per MVA rates. This shows the pressure on the prices which continued to remain under duress in the year.