

ANNUAL REPORT

2003 - 04



INDO TECH
TRANSFORMERS LIMITED

BOARD OF DIRECTORS

Sri. V. SRINIVASAN

Chairman

Sri. P.E. SUBRAMANIAM

*Vice Chairman and**Managing Director*

Sri. P.S. JAGDISH

Executive Director

Sri. P.S. SHEKAR

Director - Operations

Sri. P. Velayudhan Pillai

Sri. K. Kannan

Sri. A.P. Muthuswami I.A.S. (Retd.)

AUDITORS

M/s. G. BALU ASSOCIATES

*Chartered Accountants**Chennai - 600 004.***REGISTERED OFFICE**

DP : 36, SIDCO Industrial Estate,

Thirumazhisai,

Chennai - 602 107.

WORKS

- 1) DP:14-19, SIDCO Industrial Estate,
Thirumazhisai, Chennai - 602 107.
- 2) 31, V.G.P. Salai,
Saidapet, Chennai - 600 015.
- 3) VII/222, Koyyamarakkad,
Kanjikode, Palakkad - 678 621.

BANKERS

BANK OF BARODA

INDUSIND BANK LTD.

INDO TECH TRANSFORMERS LIMITED

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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twelfth Annual Report of the Company together with the audited accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	Year ended 31.3.2004	Year ended 31.3.2003
	(Rs. in Lacs)	
Sales & Other Income	6362.44	4286.44
Gross Profit before Interest, Depreciation & Tax	684.35	415.68
Depreciation	72.98	72.92
Interest	113.99	190.67
Profit before Tax	497.38	152.09
Provision for Taxation	90.00	10.95
Profit after Tax	407.38	141.14
Current Year Deferred Tax	26.74	52.02
Profit brought forward from previous year	138.46	150.09
Profit available for appropriation	519.10	239.21
Deferred tax liability of earlier years	-	100.75
Transfer to General Reserve	50.00	-
Proposed Dividend	33.80	-
Tax on Proposed Dividend	4.23	-
Profit carried forward	431.07	138.46

Previous year's figure has been regrouped wherever necessary.

OPERATIONS

The year 2003-04 was a great improvement as compared to the previous years. The power sector has started to witness a great spurt in demand. This coupled with the increase in number of tenders as well as requirements from industrial customers has increased the share of your Company's products in the market.

During the year under review your Company received a large chunk of orders from State Electricity Boards as well as increased its market share in the Industrial transformer segments in India.

Due to tight financial monitoring, precision planning for various raw materials and improved realization of prices, your Company ended the year 2003-04 with the net profit of Rs.407.38 Lacs.

EXPORTS

The Company's export to USA and Canada continues. Export sales for the year under review was Rs.52.23 Lacs.

FUTURE PROSPECTS

The year 2004-05 looks optimistic as far as business from State Electricity Boards, Power projects, Public utilities and Industrial customers are concerned. The concern of the Government for infrastructure projects and investments in power sector and corrective actions being taken by State Electricity Boards is expected to generate more demand.

The Power Ministry intends to provide electricity to every village in the country by 2007 and to every home by 2010 and this will result in larger requirements of your company's products.

During the year, your Company's products have been approved by Power Grid Corporation of India Limited (PGCIL) as well as other leading Consultants which will enable the Company to expand its Customer base to a large extend.

The present order book of the Company stands at Rs.6000 Lacs. The Government has initiated steps to set up several new projects apart from upgrading quite a few of the existing projects. This would in turn increase the business prospects for the products manufactured by your Company. Export prospects are quite encouraging. The market shows signs of picking up with enquiries from utilities being slightly on the uptrend.

Several State Electricity Boards have tied up funding from multilateral international agencies like IBRD/ ADB/ OECF and this will generate good requirements of your Company's products.

The Directors are hopeful that the performance of the company would continue to improve in the current year on account of the cost control measures and the envisaged increase in demand for the products.

During the year under review, the company has successfully manufactured and supplied a number of package substations to various customers in India. This new product line is to grow in the coming years for which your Company is well prepared.

INDO TECH TRANSFORMERS LIMITED

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AMALGAMATION OF INDO TECH ELECTRIC COMPANY LIMITED WITH YOUR COMPANY

As the members may be aware, the Company had submitted a scheme to the Honourable High Court of judicature at Madras for the amalgamation of Indo Tech Electric Company Limited with your Company. The members had approved the above scheme at the court convened meeting held on 16th April, 2004.

The final order from the Honourable High Court is awaited.

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;

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2004 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit & loss account of the Company for the year under review;
- (iii) 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 preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2004 on a going concern basis.

DIVIDEND

Your Directors are pleased to recommend for your consideration payment of dividend on equity shares at 12%. The total amount of dividend outgo (including dividend tax) will be Rs.38,02,815/-.

DIRECTORS

Sri. V. Velayudhan Pillai and Sri. P.S. Shekar retire by rotation and being eligible, offer themselves for re-appointment.

Sri. K. Kannan and Sri. A.P. Muthuswami, I.A.S. (Retd.) were appointed as Additional Directors on 28.07.2004. They hold office upto the date of the ensuing annual general meeting of the Company. Notices have been received from the members of the Company proposing Sri. K. Kannan and Sri. A.P. Muthuswami I.A.S. (Retd.) as candidates for the office of Director of the Company. The Directors recommend their appointments.

FINANCE

Your Company with strict financial discipline and efficient cash management has been regularly meeting all its obligations for payment of interest and term loan instalments on due dates.

AUDITORS

Messrs. G. Balu Associates, Chennai, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, the required information relating to conservation of energy, technology absorption and foreign exchange earnings & outgo is enclosed as Annexure I.

PARTICULARS OF EMPLOYEES

There are no employees falling under purview of Section 217(2A) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

During the year the Company has given an option to the employees of Palakkad Works for retirement under a Scheme of voluntary retirement which became necessary to reduce the employees strength mainly due to non-availability of orders from Kerala State Electricity Board and some of the employees opted for the scheme and were settled accordingly.

Industrial relations were cordial throughout the year, emphasis on human resources development continues.

SECRETARIAL COMPLIANCE

The Company has obtained Compliance Certificate from T. Murugan, Practicing Company Secretary for due compliance of Companies Act, 1956 provisions for the year 2003-04. The said certificate is attached herewith as Annexure II.

ACKNOWLEDGMENT

Your Directors place on record their appreciation of the continued support received from Shareholders, Customers, Suppliers, Banks and Financial Institutions and all Electricity Boards. Your Directors would also like to express their appreciation of the contribution by all employees of the Company during the year.

Your Directors look forward to the future with confidence and determination.

On behalf of the Board

V. SRINIVASAN

CHAIRMAN

P.E. SUBRAMANIAM

VICE CHAIRMAN & MANAGING DIRECTOR

Chennai

28th July, 2004

ANNEXURE I TO DIRECTORS' REPORT

Information as required under Section 217(1)(e) of the Companies Act, 1956.

A. CONSERVATION OF ENERGY***Energy conservation :***

Your Company is not a power intensive industry and hence the scope for conservation of energy is not much. However the following energy saving measures has been carried out.

- i. The Company has been regularly striving to conserve use of electrical energy by energy conservation programme, by implementation of energy audit and energy conservation measures, process procedures have been optimised to reduce energy consumption per unit/rupee of production.
- ii. The fluorescent lights at the Plant has been fitted with electronic ballast for higher efficiency and conservation of energy.
- iii. Lighting survey was carried out and some lighting points reduced.

B. TECHNOLOGY ABSORPTION***Research & Development :***

1. Specific areas in which R&D is carried out by the Company :
 - a. The Company has progressed substantially in introducing flame proof synthetic liquid filled transformer and the process of acceptance is in final stages. The Company expects sizable business for these type of transformers.
 - b. The Company has developed the Package Substation and Unitised Substation suitable for Industrial clients. The Company expects sizable business for these package substations in the years ahead.
 - c. A lot of R&D work has been carried out on Mobile Substation technology that has been obtained from M/s. Moble Source Industries Inc., Canada and with certain modifications to suit Indian condition has been derived. The company expects to commence supplies of this high technology product namely Mobile Substations.
2. Benefits derived as a result of the above R&D :

The development and introduction of various components have contributed to reduction in production cost and improvement of quality.

As a result, the Company has good scope in new market entry, cost reduction, better product performance and increased competitive ability and broader product profile.

Orders for complete mobile substation transformers is expected in the years to come.

3. Future plan of action :

All the above stated activities will be further accelerated and amplified to ensure conformance and further development of the overall quality of the product.

4. Technology Absorption, Adaptation and Innovation :

Please refer para B(1)

C. IMPORTED TECHNOLOGY

The Company continues to get the technology required to manufacture mobile sub-station transformers from their technical collaborator M/s Mobile Source Industries Inc., Canada. However as per the agreement no fees is being paid for the transfer of technology.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of the Company during the year under review was inflow Rs.55.36 Lacs and outgo was Rs.87.29 Lacs.

ANNEXURE II TO DIRECTORS' REPORT**T. MURUGAN**

Practicing Company Secretary

22-E, Sri Subah Colony,
Munusamy Road,
K.K. Nagar (West), Chennai - 600 078.
Phone : 24847075, 24721437
E-mail : mavinot@mantraonline.com

COMPLIANCE CERTIFICATE

Company No.18-22011

To
The Members of
M/s. INDOTECH TRANSFORMERS LIMITED
D.P. 36, SIDCO Industrial Estate,
Thirumazhisai, Chennai - 602 107.

I have examined the registers, records, books and papers of M/s. INDO TECH TRANSFORMERS LIMITED, (the company) as required to be maintained under the Companies Act, 1956, (the act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2004. In my opinion and to the best of my information and according to the examinations carried out by me and the explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under and all entries have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under or otherwise with additional fees for late filing of forms / returns under the Act and the rules made there under.
3. The company being a public limited company, the provisions of Section 3(1) (iii) are not applicable to this company.
4. The Board of Directors duly met 5 times on 16.05.03, 05.07.03, 08.09.03, 22.11.03 and 23.02.04 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The company has not opted to close its Register of Members during the year.

6. The Annual General Meeting for the year ended on 31st March, 2003 was held on 8th September, 2003 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The company has not advanced any loan to its directors and/or persons or firms or companies referred in Section 295 of the Act.
9. The company has duly complied with provisions of Section 297 of the Act.
10. The company has made necessary entries in the Register maintained under Section 301 of the Act.
11. There were no instances falling under Section 314 of the Act.
12. The company has not issued any Duplicate Share Certificate during the financial year.
13. The Company has :
 - (i) Transferred shares during the year, procedure under the Companies Act, 1956 has been followed.
 - (ii) Not deposited any amount in a separate bank account as no dividend was declared during the financial year;
 - (iii) Not paid / posted warrants for dividends to all the members as no dividend was declared during the financial year;
 - (iv) Not transferred the amounts in unpaid dividend account, application money due for refund deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund, as no dividends were declared;
 - (v) Duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointment of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies have been duly made.
15. There was no appointment of Managing Director / Whole-time Director during the financial year under review.