



Annual Report 2012 - 13

INDO TECH TRANSFORMERS LIMITED

Annual General Meeting on
Tuesday, the 5th November
2013 At Pleasant Days (Resort),
At 11 A.M.

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Board of Directors

Luis Carlos Silveyra - Chairman
Manuel Hernandez Bravo - Whole Time Director
Ajay Kumar Dhagat - Director
Arun Bhalla - Director
Arun Srivastava - Director
M. S. Srinivasan - Director

Chief Financial Officer & Company Secretary

D Alwan

Auditors

B S R and Co

Registered Office

DP:36, SIDCO Industrial Estate
Thirumazhisai
Chennai 600 124

Works

- 1) DP 14-19 SIDCO Industrial Estate
Thirumzhisai, Chennai – 600 124
- 2) DP 36, SIDCO Industrial Estate
Thirumazhisai, Chennai 600 124
- 4) Survey no.153-210, Illuppapattu Village
Near Rajakulam, KM-64, Chennai Bangalore
Highway, Kancheepuram District

Registrars

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai – 400 078
Telephone: 022- 2596 3838 / 2594 6970
Fax: 022-2594 6969 / 2596 2691
Email: mt.helpdesk@linkintime.co.in

Bankers

Bank of Baroda
State Bank of India
Standard Chartered Bank
Citibank N. A.
The Hongkong& Shanghai Banking Corporation Ltd
HDFC Bank
Bank of America

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Company will be held at Pleasant Days Resort, Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai-602103 on 5th November, 2013 at 11:00 am to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 30th June, 2013 and the Profit and Loss Account for the year (fifteen months period) ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr M S Srinivasan, who retires by rotation, being eligible offers himself for re-appointment.
3. To re-appoint M/s B S R and Co, Chartered Accountants, as Auditors of the company and to authorize the Board of Directors to fix their remuneration.

Special Business:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr Ajay Kumar Dhagat, who was appointed as an Additional Director on August 10, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 89 of Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company, whose period of office will not be subjected to retirement by rotation."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Manuel Hernandez Bravo, who was appointed as an Additional Director with effect from March 07, 2013 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 89 of Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company whose period of office will not be subjected to retirement by rotation"
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT, pursuant to the provisions of Section 198, 269, 274, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act 1956, or any re-

enactment thereof, the consent of the Company be and is hereby accorded for the appointment of Mr. Manuel Hernandez Bravo as the Whole Time Director of the Company with effect from 7th March, 2013 for a period of five years with a remuneration upto Rs.1,75,000/(Rupees One Lakh Seventy Five Thousand only) per month provided that the total remuneration (including all perquisites) shall not exceed the ceiling limit as provided in Schedule XIII of the Companies Act, 1956 or such amounts as may be specified by any amendment to the Act."

"RESOLVED FURTHER THAT Mr. Manuel Hernandez Bravo shall not be liable to retire by rotation during his tenure of appointment as the Whole Time Director of the Company"

"RESOLVED FURTHER THAT in the event of the Company making adequate profits the Board of Directors/Remuneration Committee constituted by the Board, be and hereby authorized to revise, amend, alter and vary the terms of the remuneration and/or perquisites payable to Mr. Manuel Hernandez Bravo, at its absolute discretion, subject to the guidelines or ceilings wherever applicable, within the applicable provisions of the Companies Act, 1956 and the amount of remuneration shall be within the overall ceiling of 5% or 10% of the net profits of the Company, calculated in the manner specified in the Act"

"RESOLVED FURTHER THAT in case the Company has no profits or its profits are inadequate in any financial year during the tenure of appointment of Mr. Manuel Hernandez Bravo, it may pay a remuneration to Mr. Manuel Hernandez Bravo, which shall not exceed the ceiling as provided in Schedule XIII of the Companies Act 1956 or such amounts as may be specified by any amendment to the Act."

"RESOLVED FURTHER THAT Mr. Manuel Hernandez Bravo powers and duties shall be subject to superintendence, control and directions of the Board, he shall perform such duties and function as would be commensurate with his position as the Whole time Director of the Company and as may be delegated by Board."

"RESOLVED FURTHER THAT the Company shall be entitled to terminate the appointment by giving 3 months' notice in writing or such shorter notice as may be mutually agreed between him and the Company or in lieu of the notice, payment by the Company or by him to the Company, as may be mutually agreed between him and the Company."

"RESOLVED FURTHER THAT the board of directors be and are hereby jointly and severally authorized to do all such acts or deeds to give effect to the above resolution including filing of forms and returns with the Registrar of Companies, Chennai."

By Order of the Board

Chennai
14th August 2013

Alwan D
Company Secretary

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to Special Business to be transacted at the meeting, is annexed hereto.
3. The Register of members of the Company will remain closed from 28th October 2013 to 5th November 2013, both days inclusive.
4. The members holding shares in the dematerialized mode are requested to intimate all changes with respect to their address, bank details, mandate, nomination, power of attorney, etc. to their depository participant (DP). These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to members.
5. **REQUEST TO SHAREHOLDERS**
 - i) Shareholders are advised to bring their copy of the Annual Report as copies of the Annual Report will not be distributed at the venue of the Annual General Meeting.
 - ii) Shareholders may kindly note that no gift/coupon will be distributed at the Annual General Meeting.

ANNEXURE TO NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
ITEM NO.4

Mr Ajay Kumar Dhagat, was appointed as an Additional Director by the Board of Director in the Board meeting held on 10th August 2012 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 89 of Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 he holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr Ajay Kumar Dhagat on the Board is desirable and would be beneficial to the company and hence recommend resolution for adoption.

None of the Directors, except Mr Ajay Kumar Dhagat is concerned or interested in this resolution.

ITEM NO.5

Mr Manuel Hernandez Bravo, was appointed as an Additional Director by the Board of Director in the Board meeting held on 21st March 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 89 of Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 he holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company in accordance with

the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr Manuel Hernandez Bravo on the Board is desirable and would be beneficial to the company and hence recommend resolution for adoption.

None of the Directors, except Mr Manuel Hernandez Bravo is concerned or interested in this resolution.

ITEM NO.6

As per the provisions of Section 269 of the Companies Act, 1956 every public company having a paid up share capital of Rs. 5 crores or more is required to have a Managing or a Whole Time Director on its Board or a Manager appointed as per the provisions of the Companies Act, 1956. Mr Manuel Hernandez Bravo was serving as Manager of the Company as per Companies Act, 1956, but the Board thought it fit to appoint him as a Whole time director, subject to the approval of the members.

Hence, pursuant to Section 198, 269, 309, Schedule XIII of the Companies Act, 1956 and the members of the Company are required to pass an ordinary resolution approving the appointment of Mr Manuel Hernandez Bravo as a whole time Director.

None of the Directors, except Mr Manuel Hernandez Bravo is concerned or interested in this resolution.

By Order of the Board

Chennai
14th August 2013

D. Alwan
Company Secretary

Profile of Directors being appointed / re-appointed as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges

Particulars	Mr Ajay Kumar Dhagat	Mr Manuel Hernandez Bravo	Mr M S Srinivasan
Date of Birth	15 th April 1945	23 rd Feb 1970	21 st July 1948
Date of Appointment	10 th August 2012	7 th March 2013	1 st August 2009
Qualification	B.E. Electrical	M.E., PGDM	B. Tech., Advance Management Program, Harvard Business School
Expertise in specific functional areas	Industry management experience	Industry management experience	Industry management experience
Directorships held	None	None	IL & FS Tamil Nadu Power Company Limited, IL & FS Energy Development Company Limited
Membership of Committees	Member of Shareholder Grievance Committee	None	Member of Remuneration Committee
Shares held in the Company	None	None	None

Other than Mr Ajay Kumar Dhagat, Mr Manuel Hernandez Bravo and Mr M S Srinivasan none of the other Directors are interested in their reappointment.

FINANCIAL HIGHLIGHTS

Rs. in Lakhs

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Gross Sales & Other Income	12495	12596	12416	11020	24157	23153	19115
Net Sales & Other Income	11554	11572	11428	10249	21100	19345	15859
Earnings before Depreciation, Interest and Tax (EBDIT)	(3857)	(3218)	(1861)	(533)	6593	6123	4225
Depreciation	504	412	380	387	392	174	114
Profit After Tax	(5018)	(3998)	(2274)	(839)	3897	3902	2621
Equity Dividend %	--	--	--	--	124	60	45
Dividend Payout	--	--	--	--	1317	637	478
Equity Share Capital	1062	1062	1062	1062	1062	1062	1062
Reserves and Surplus	1430	6447	10446	12735	13574	11218	8065
Net Worth	2492	7509	11508	13797	14636	12280	9127
Gross Fixed Assets	9902	9822	9945	9381	9501	9219	4574
Net Fixed Assets	7309	7667	8130	7940	8212	8313	3826
Total Assets	17684	17599	15923	14885	16632	14155	9971

KEY INDICATORS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Earnings per Share - Rs.	(47.25)	(37.65)	(21.42)	(7.90)	36.69	36.71	24.00
Turnover per share - Rs.	117.65	118.71	116.91	103.79	227.47	218.00	179.99
Book value per share - Rs.	23.46	70.72	108.36	129.92	137.81	114.76	85.07
Debt : Equity Ratio	3.27:1	0.71:1	0.09:1	0.07:1	0.10:1	0.12:1	0.07:1
EBDIT / Gross Turnover %	-32%	-26%	-15%	-5%	27%	26%	22%
Net Profit Margin %	-42%	-32%	-18%	-8%	18%	20%	17%
RONW %	-67%	-35%	-16%	-6%	27%	32%	29%
ROCE %	-64%	-33%	-15%	-6%	35%	28%	27%

DIRECTORS' REPORT

Your Directors present the 21st Annual Report on the business and operations of your Company together with the Audited Statement of Accounts and the Auditor's Report for the financial year (15 months period) ended 30th June, 2013.

FINANCIAL RESULTS

The Company has extended its financial year 2012- 13 and accordingly the figures for the period under review is for a period of 15 months ended on June 30, 2013 and hence not comparable with last year's figures.

Your Company has recorded a loss of Rs. 5,017.74 lakhs for the year.

Brief Financial Highlights with comparison of previous year are as follows:

(Rupees in Lakhs)

Particulars	Year ended 30 th June 2013	Year ended 31 st March 2012
INCOME		
Gross Sales & Other Income	12,494.95	12,596.35
Gross Profit/(Loss) before depreciation & tax	(4,514.21)	(3,586.65)
Depreciation	503.53	411.72
Profit/(Loss) before tax	(5,017.74)	(3,998.37)
Provision for Taxes	--	--
Prior period / Extraordinary items	--	--
Balance of profit of earlier years	690.24	4,688.60
Balance available for appropriation	(4,327.51)	690.24
APPROPRIATIONS		
General Reserve	--	--
Dividend	--	--
Tax on Dividend	--	--
Balance carried to Balance Sheet	(4,327.51)	690.24

No Dividend has been recommended by the Board of Directors of the Company for Extended Financial Year 2012-13. However, the register of members and share transfer books will remain closed from 28th October 2013 to 5th November 2013 both days inclusive.

EXTENSION OF PERIOD OF FINANCIAL YEAR AND ANNUAL GENERAL MEETING

The members are appraised that the financial year of your Company was extended by 3 months and therefore, the Financial Year for the current year ended on 30th June, 2013. The extension was carried out to explore various options for infusing funds and improving the liquidity position of the Company.

Consequent to the aforesaid extension of Financial year, the last date for holding the Annual General Meeting for the FY 2012-13 is also extended to 9th November, 2013.

OPERATIONS AND PERFORMANCE

In the year under review, lower demand and relative over-capacity in the industry have fueled the margin pressures for the company and this trend is expected to continue well into the next year. The enquiry levels have remained low driven by slow decision making throughout the year. The company found it difficult to sustain volume due to low price realization in the market place. Inspite of adverse market conditions, we made a significant breakthrough in one of the major power producers with an order for Rs. 17 Crores.

Your company has taken steps to enhance its presence in the global market and during the year under review, the value of export orders received was Rs. 19 Crores and the current total order backlog stands at Rs. 116 Crores. Domestic orders were with better contributions as compared to earlier years. However desired volumes were not achieved.

Given the external factors, it becomes imperative for us to be even more conscious about our internal cost structures and expenditures. The company has initiated several cost saving initiatives during the year and will maintain the rigor in the future. While we are working to make the best use of the current market situation, we continue to evaluate options and build organizational and cross-functional capabilities for the future.

Your company's performance for the year was impacted significantly due to site readiness and customer project delays resulting in lower production and capacity utilization. Working capital pressures continued during the year resulting in the higher borrowings and greater interest burden. In addition, increased input costs coupled with more firm priced contracts and higher fixed costs resulted in loss for the year under review. Results were also impacted badly due to costs incurred in repairing transit damages to consignments to Australia.

Your Company feels that outlook will continue to remain sluggish, although some improvements are expected due to reduced costs and better realisations, however volumes are expected to remain a challenge.

DIRECTORS

Mr Ajay Dhagat, has been inducted into the Board and his tenure expires in the 21st Annual General Meeting in terms of the provisions of the Companies Act 1956 and needs to be re-elected in that meeting.

Mr. Manuel Hernandez Bravo, has been inducted into the Board and his tenure expires in the 21th Annual General Meeting and needs to be re-elected in that meeting.

At the 21st Annual General Meeting, Mr M S Srinivasan retires by rotation and being eligible offers himself for re-appointment.

Mr Jorge Lozano and Mr Banmali Agrawala, Directors have resigned from the Board. The directors would like to place on record the services rendered by Mr Jorge Lozano and Mr Banmali Agrawala during their tenure as directors.

The above appointment/re-appointment forms part of Notice of the forthcoming 21st Annual General Meeting and the respective resolutions are recommended for your approval.

Profiles of these Directors as required by Clause 49 of the Listing Agreement are attached to the Notice of the 21st Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that;

- 1) in the preparation of the annual accounts for the financial year ended 30th June, 2013 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) the Directors had selected such accounting policies and applied them consistently and made judgments 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 the financial year 2012-13 and of the Profit & Loss Account of the Company for the year under review;
- 3) 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;
- 4) the Directors had prepared the accounts for the financial year (fifteen months period) ended 30th June, 2013 on a 'going concern basis'.

CORPORATE GOVERNANCE

Your Company is committed to good corporate governance aligned with the best corporate practices.

A separate Report on Corporate Governance along with Auditor's Certificate on Compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is provided as a part of this Annual Report, besides the Management Discussion and Analysis.

AUDITORS

M/s B S R and Co, Chartered Accountants, the retiring Auditors, have expressed their willingness to be reappointed.

FIXED DEPOSITS

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet

COST AUDITORS

Pursuant to the notification issued by the Ministry of Corporate Affairs (MCA) and based on the recommendation of the Audit Committee, your Board has, subject to the approval of the Central Government, approved the appointment of Mr M J Gopalakrishnan., Cost Accountants, as the Cost Auditor of the Company for the financial year 2013-14. Your Company has filed application with the Central Government for necessary approval in this connection.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information as prescribed under 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, is given in a separate annexure [Annexure "I"], which forms a part of this Report.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of sec. 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975, as amended forms part of this Report. However, as per the provisions of sec. 219(1)(b)(iv) of the Companies Act 1956, this Report and Accounts are being sent to all the members of the company excluding the Statement of Particulars of Employees under sec. 217(2A) of the Companies Act 1956. Any member interested in obtaining copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

POTENTIAL SICKNESS

The financial position as reflected in its annual accounts for the financial year ended on 30th June 2013 makes the Company fall within the ambit of the provisions of section 23 of SICA i.e. the peak net worth of the Company during the four financial year immediately preceding the financial year ended on 30th June 2013, i.e. from F.Y. 2008-09 to F.Y. 2011-12 amounting to Rs. 145.27 Crores (net worth as on 31.03.2009) has been reduced to Rs.24.92 Crore as on 30th June 2013 i.e. it has eroded by more than 50%, due to the losses suffered by the Company during the relevant period.. The Company is in process of reporting the fact of erosion of net worth to the Board for Industrial and Financial Reconstruction (BIFR) in accordance with the provisions of Section 23(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 and complying with the provisions of section 23 (1) of SICA. Hence, a Special Resolution has been incorporated in the Notice convening the Extraordinary General Meeting for noting by the Members of the Company.

DELISTING

The Company had opted for delisting during the financial year ended 30th June, 2013. However the delisting process was unsuccessful as the proposal was under subscribed by the shareholders.

ACKNOWLEDGEMENTS

Your Directors express their appreciation of the continued cooperation of Governments and Government agencies, bankers, customers, suppliers and also the valuable assistance and guidance received from Xignux, General Electric Company and Prolec-GE and all the shareholders. Your Directors also wish to thank all employees for their contribution, support and continued cooperation during the year.

For and on behalf of the Board of Directors

INDO TECH TRANSFORMERS LIMITED

Luis Carlos Silveyra
Chairman

Manuel Hernandez Bravo
Whole time Director

Chennai,
14 August 2013