

13th Annual Report 2011 - 2012



M AND B SWITCHGEARS LIMITED

BOARD OF DIRECTORS

Shri Shyam Sunder Mundra	<i>Chairman Cum Managing Director</i>
Shri Vikalp Mundra	<i>Whole-time Director</i>
Shri Anurag Mundra	<i>Whole-time Director</i>
Shri Narendra Beli	<i>Director</i>
Shri Nilesh Rath	<i>Director</i>
Smt. Aarti Jhaveri	<i>Director</i>

COMPANY SECRETARY

Ms. Monika Choukse

AUDITORS

M/s Ashok Khasgiwala & Co.
Chartered Accountants,
Indore

REGISTERED OFFICE

Survey No. 211/1,
Opp. Sector - C & Metalman,
Sanwer Road Industrial Area,
Indore- 452015. (M. P.).

SEGMENT:

MANUFACTURING FACILITIES

Unit – II	Unit – I
Survey No. 211/1,	2-D-2, Sector 'D'
Opp. Sector - C & Metalman,	Sanwer Road Industrial Area
Sanwer Road Industrial Area,	Indore- 452015 (M. P.)
Indore- 452015 (M.P.)	

SOLAR POWER PLANT

Survey No. 13/1/1 & 13/2,
Village Gargorni,
District Rajgarh -465661 (M.P.)

BANKERS

State Bank of India
Axis Bank Limited
Bank of Baroda

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NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Members of M AND B SWITCHGEARS LIMITED will be held on Monday, 24th day of September, 2012 at 02.30 p.m. at the Registered Office of the Company situated at Survey No. 211/1, Opp. Sector - C & Metalman, Sanwer Road Industrial Area, Indore- 452015. (M.P.), to transact the following business: -

I. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the Financial Year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S. S. Mundra, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Vikalp Mundra, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Ashok Khasgiwala & Co., Chartered Accountants, Indore (Firm Reg. No.-0743C) as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

II. SPECIAL BUSINESS

5. **To consider and, if thought fit, to pass with or without modification(s), if any, the following resolution as an Ordinary Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 94, 97 and other applicable provisions, if any, of the Companies Act, 1956, read with Article No. 3 of the Articles of Association of the Company, the consent of the members be and is hereby accorded to increase the Authorized Share Capital of the Company from Rs.25,00,00,000/- (Rupees Twenty Five Crore Only) divided into 2,50,00,000 (Two Crore Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each to Rs.30,00,00,000/- (Rupees Thirty Crore Only) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs.10/- (Rupees Ten Only) each, by creation and addition of 50,00,000 (Fifty Lac) Equity Shares of Rs.10/- (Rupees Ten Only) each ranking *pari-passu* with the existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT subsequent to the Increase of Authorised Share Capital of the Company, pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the

Company, be altered by substituting the following clause in place of the existing Clause No. V of the Memorandum of Association of the Company:

V. The Authorised Share Capital of the Company is Rs. 30,00,00,000 (Rupees Thirty Crore only) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each.”

6. **To consider and, if thought fit, to pass with or without modification(s), if any, the following resolution as a Special Resolution: -**

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and is hereby altered by substituting the following Article in place of the existing Article No. 3 of Articles of Association of the Company:

3. The authorised share capital of the Company shall be the Capital as specified in Clause V of the Memorandum of Association, with power to increase or reduce the share capital of the Company and to divide the shares in the capital for the time being into several classes as permissible in law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any of such rights, privileges or conditions in such manner as may for the time being be provided in the Articles of Association.”

7. **To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :**

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Memorandum and Articles of Association of the Company, Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to the consents/permissions and approvals, as the case may be, of the Central Government, Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) and other appropriate authorities institutions or bodies whether in India or abroad (hereinafter referred to as “the Appropriate Authorities”) and subject to such conditions and modifications, as may be required by

any of them in granting such approvals, consents, permissions (hereinafter referred to as "the Requisite Approvals") which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee of the Board), the consent of the Company be and is hereby accorded to the Board to offer, create, issue and allot (including any provisions for allotment on firm/competitive basis as may be permitted) such class of equity shares, non-convertible debentures, convertible debentures subject to SEBI guidelines, Foreign Currency Convertible Bonds (FCCBs), Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or any other instrument convertible into any class of equity shares or any combination thereof through Further Public Offer, Rights Issue, Preferential Offer, Private Placement or through Commercial paper subject to guideline issued by Reserve Bank of India for such an issue, as may be deemed fit by the Board with or without Green Shoe Option in one or more tranches, to all eligible investors including but not limited to members, promoters, directors or their relatives/associates, Indian public, Bodies Corporate, employees, Qualified Institutional Buyers, mutual funds, Venture Capital Funds, banks and other institutional investors, Non- Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, Foreign venture Capital investors, foreign nationals, etc so however that the total amount to be raised including the amount of securities premium by such offerings shall not exceed Rs. 250 Crores (Rupees Two Fifty Crores) and such issue and allotment of securities may be made in one or more tranches, in such manner and on such terms and conditions as may be determined by the Board at the time of the issue and allotment of such securities."

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board/its Committee be and is hereby authorized to determine the form and terms of the issue(s), including the class of investors to whom the Securities are to be allotted, number of securities to be allotted in each tranche, issue price, face value, premium amount on issue/conversion of Securities/exercise of warrants/redemption of Securities, rate of interest, redemption period, listing on one or more stock exchanges in India and/or abroad, including, without limitation, marketing, custodian, depository arrangements etc., as the Board/its Committee in its absolute discretion deems fit, and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad and to settle any questions or difficulties that may arise in regard to the issue(s).

RESOLVED FURTHER THAT the Board [Including any Committee or directors, Executives or Officers

of the Company as authorized by the Board] be and is hereby authorised to make any alteration, addition or vary any of the conditions for issue of shares/securities as aforesaid, in consultation with the Book Running lead Manger(s) or SEBI or such other authorities as required and without prejudice to the generality of the aforesaid, deciding the exact issue, its structure and/or the exact component of fresh issue of shares/securities in the aforesaid offering.

RESOLVED FURTHER THAT the Board/its Committee be and is hereby authorized to issue and allot such number of additional equity shares as may be required in pursuance of the above issue of securities and that the additional equity shares so allotted shall rank in all respects, including right/entitlement to dividend, *pari passu* with the existing equity shares of the company.

RESOLVED FURTHER THAT the Board/its Committee be and is hereby authorized to do all such acts, deeds, matters, things and changes as it may deem necessary/desirable for such purpose including, if necessary, creation of mortgages and/or charges in respect of securities on the whole or in part of the undertaking of the Company and to exercise such documents or writing as may be considered necessary and proper and incidental to this resolution.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board of Directors or to any Executive(s), Officer(s) of the Company to give effect to this resolution".

By Order of the Board of Directors
For **M AND B SWITCHGEARS LIMITED**

Place: Indore
Date: 13.08.2012

S. S. MUNDRA
CHAIRMAN CUM MANAGING
DIRECTOR

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

PROXY IN ORDER TO BE VALID SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.

2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed to and forms part of this notice.
3. The Members/Representative/ Proxy(s) are requested to bring attendance slip, as enclosed, duly filled in, together with their copy of the notice convening the Annual General meeting.
4. All documents referred to in the above notice and explanatory statement are available for inspection at the registered office of the Company on all working days (except Saturday, Sundays and Public holidays) between 10.00 a.m. and 05.00 p.m. upto the date of the Annual General Meeting.
5. The Register of Members of the Company will remain closed on Thursday, 30th August, 2012 and Friday, 31st August, 2012.
6. Members are requested to forward their queries on the subjects to the Company Secretary at least 10 days in advance for enabling the Company to furnish replies/ clarification at the Annual General Meeting.
7. Members are requested to bring their copies of Annual Reports to the Annual General Meeting of the Company.
8. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued Circulars allowing Companies to send official documents to their Shareholders electronically.
9. Information required to be furnished under clause 49 IV (G) of the Listing Agreement is given in the Corporate Governance Report which forms part of this Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. : 5 & 6

To augment the Long-term capital of the Company, the Board of Directors of the Company, proposes to come with the Further Public Offer (FPO). Hence, the Board of Directors considered it necessary to increase the Authorised Share Capital from Rs. 25,00,00,000 (Rupees Twenty Five Crore) to Rs. 30,00,00,000 (Rupees Thirty Crore).

In terms of Section 94 of the Companies Act, 1956, the Authorised Share Capital of the Company may be increased with the consent of the members at the General Meeting and Capital Clause "V" of Memorandum of Association is required to be altered in terms of Section 16 of the Companies Act, 1956.

Further the existing Article '3' of the Articles of Association of the Company, viz. Authorised Share Capital is also required to be altered in terms of Section 31 of the Companies Act, 1956 with the consent of members.

Your Board recommends the resolutions, as set out in Item No 5 & 6 for your approval as an Ordinary Resolution and as a Special Resolution respectively.

None of the Directors of the Company are interested in the said Resolutions.

ITEM NO. 7

Long Term resources are required to meet the capital expenditure to be incurred for capacity expansion and for upgrading product range, including expenditure on Research and Development, replacement programmes and for investments required to be made in the next few years. In addition, the Company is also pursuing various inorganic growth opportunities through acquisitions (in India and overseas) as part of globalization initiatives requiring additional resources.

The special resolution contained in the business of the Notice under Sr. No. 7 relates to a resolution by the Company enabling the Board to create, issue, offer and allot Equity Shares, GDRs, ADRs, Foreign Currency Convertible Bonds (FCCBs), Convertible Bonds, Convertible Debentures and such other securities as stated in the resolution (the "Securities") at such price as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the issue, offer, and allotment shall be made considering the prevalent market conditions and other relevant factors and wherever necessary, in consultation with Merchant Bankers, inclusive of such premium, as may be determined by the Board in one or more tranche(s), subject to applicable laws, rules and regulations. The Board may issue Securities pursuant to this special resolution to meet long term working capital and capital expenditure requirements of the Company and its subsidiaries, joint ventures and affiliates, including Investment in subsidiaries, joint ventures and affiliates besides strengthening the Balance Sheet of the Company including repayment of debt, tap acquisition opportunities, usage for business ventures/projects and other general corporate purposes.

The special resolution also authorizes the Board of Directors of the Company to undertake a Qualified Institutions Placement with Qualified Institutional Buyers (QIBs) in the manner as prescribed under Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 for raising capital. The pricing of the Specified Securities to be issued to QIBs pursuant to the said SEBI Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the relevant provisions of the said SEBI Regulations. The detailed terms and conditions for the offer will be determined by the Board in consultation with

M AND B SWITCHGEARS LIMITED

the Advisors, Merchant Bankers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevalent market conditions from time to time and in accordance with the applicable provisions of law, rules and regulations and other relevant factors. The Equity Shares allotted or arising out of conversion of any Securities would be listed. The issue/ allotment/ conversion of Securities would be subject to the receipt of regulatory approvals, if any.

Further the conversion of Securities held by foreign investors, into Equity Shares would be subject to the permissible foreign shareholding limits/cap specified by Reserve Bank of India from time to time. Section 81(1A) of the Companies Act, 1956 ("the Act") and the relevant provisions of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are presently listed provides, *inter alia*, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered

to the existing shareholders of such company in the manner laid down in Section 81 of the Act unless the shareholders in a general meeting decide otherwise. As the aforesaid resolution provide for or may result into issue of Equity Shares to persons other than the existing.

Your Board recommends the resolution, as set out in Item No 7, for your approval as a Special Resolution.

None of the Directors of the Company are interested in the Resolution.

By Order of the Board of Directors
For **M AND B SWITCHGEARS LIMITED**

Place: Indore
Date: 13.08.2012

S. S. MUNDRA
CHAIRMAN CUM MANAGING
DIRECTOR

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING RE-ELECTION/ APPOINTMENT AT THE ANNUAL GENERAL MEETING:

PARTICULARS	Mr. S.S. MUNDRA	Mr. VIKALP MUNDRA
Date of Birth	04.11.1943	31.08.1971
Date of appointment	06.09.1999	06.09.1999
Qualification & Experience in specific functional area	He holds a degree in Bachelor of Science in Engineering (Electrical), a Masters degree in Electronics and Servomechanism from Indore University. He has also completed a Masters degree in Business Administration from Indore University. Mr. Shyam Sunder Mundra has over 42 years of experience in the power industry and specifically 34 years in the manufacturing of transformers sector. Previously he had worked for the Madhya Pradesh Electricity Board for 8 years, before venturing into the transformer business independently.	He holds a degree in Bachelor of Engineering (Electrical) from Rani Durgavati Vishwa Vidhyalaya, Jabalpur and a Masters degree in management science from Devi Ahilya Vishwa Vidhyalaya, Indore. He has an overall experience spanning 17 years in the transformer sector.
Directorships held in other Public Companies	NIL	NIL
Memberships / Chairmanships of committee in other Public companies	NIL	NIL
Shareholding, if any, in the Company	55,51,588 (27.76%)	7,69,584 (3.85%)

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors are pleased to present the Thirteenth Annual Report of your Company together with the Audited Accounts and the Auditors' Report of your Company for the financial year ended, 31st March, 2012. The summarized financial results for the financial year ended 31st March, 2012 are as under:

FINANCIAL RESULTS:

Particulars	2011-12 (Rs in Lacs)	2010-11 (Rs in Lacs)
Sales (Including other income)	3697.35	3389.89
Profit before interest & depreciation	341.59	338.30
Profit Before Tax	201.51	121.78
Profit after Depreciation & Tax	96.87	79.19
Prior Period Adjustment	4.92	4.36
Profit for the year	91.95	74.83
Add: Balance brought forward from Previous Year	100.25	235.44
Less: Capitalized for Bonus Issue	0.00	210.02
Balance available for Appropriation	192.20	100.25
Surplus carried to Balance Sheet	192.20	100.25

REVIEW OF OPERATIONS:

Your Company has entered into new business sector viz. Solar Power Generation and One Stop Solution for Solar Power Plant which is been branded as "Ujaas" and thus the resources of the Company were being utilized for setting up new projects. Although the Company had tried to maintain its performance for the year under review. Sales and other income marginally for the year under review at Rs. 3697.35 Lacs as against that of Rs.3389.89 Lacs in the previous year. The Company's Profit before interest, depreciation and tax is Rs. 341.59 Lacs as compared to Rs. 338.30 Lacs in the previous year.

DIVIDEND:

Though during the year 2011-12 your Company demonstrated improved business and profitability performance but considering the need to conserve resources for capital investment in fixed assets and working capital requirement to meet the envisaged business growth, your Directors do not recommend dividend on equity shares for the year.

However, considering an expected better performance, your Directors have declared an Interim Dividend @ 5% for the Financial Year 2012-13 on the paid-up Equity Share Capital of the Company. The Company has kept a Book Closure for determining the eligible shareholders on 30th August, 2012 and 31st August, 2012 (both days inclusive).

AWARD AND RECOGNITION:

Your Directors are pleased to inform you that our Company has become First Company in India to put up a solar power plant Under REC mechanism. This plant has also received Solar REC, which is being traded through the two Power Exchanges of India i.e. Power Exchange India Limited and Indian Energy Exchange Limited.

Your Directors also want to share with you that the Company is in the process of receiving Carbon Credit Certificates under the Clean Development Mechanism. It will help in recognition of your company in the international market as these Carbon Credits are salable in the international market.

OPERATIONS AND BUSINESS PERFORMANCE:

Maintaining the continuity of the business growth and profitability performance, your Company again registered growth and higher profitability despite escalating input costs and economic recession.

The Company registered improved performance on all key parameters.

CORPORATE GOVERNANCE:

Your Company firmly believes and adopts the highest standard of practice under Corporate Governance. A separate section on Corporate Governance and a certificate from Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the stock exchanges forms part of this annual report.

PAID UP CAPITAL:

During the year under review, the Company made its maiden Public issue by way of issue of 50,00,000 (Fifty Lac) Equity Shares of Rs.10/- (Rupees Ten Only) each at a premium of Rs. 176/- (Rupees One Hundred Seventy Six Only) as its Initial Public offer to the public. The Equity Shares of the Company got listed on BSE Limited and the National Stock Exchange of India Limited with effect from 20th October, 2011.

Subsequently, the paid up Equity Share Capital of the Company stands at Rs. 20.00 Crore (Rupees Twenty Crore Only) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

DIRECTORS:

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning.

In terms of Articles of Association of the Company Mr. S. S. Mundra, and Mr. Vikalp Mundra retires by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors propose for the approval of the members at the forthcoming Annual General meeting and recommends to pass necessary resolution to that effect as set out in the notice of the Annual General Meeting.

DISINVESTMENT FROM SUBSIDIARY:**Proximo Energy Concept Private Limited**

During the year under review M/s Proximo Energy Concept Private Limited, was incorporated as a wholly owned subsidiary and later, the same was discontinued to be the subsidiary of our Company. The Company, post disinvestment holds 0.00% paid-up Equity Share Capital in the said Company.

COST ACCOUNTANT COMPLIANCE CERTIFICATE:

M/s. Vijay P. Joshi & Associates, Cost Accountants, Indore, were appointed as the Cost Auditor for the Financial Year 2011-12. A certificate of Compliance of Cost Accounting Records shall be received till the month of September as the working for Cost Audit is under process, at the final stage of preparation and completion as on date. The Cost Auditor has issued a provisional Compliance Certificate to the Company for the year 2011-12.

DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of section of 217(2AA) of the Companies Act, 1956, your Directors state that:

- in the preparation of accounts, the applicable accounting standards have been followed, along with necessary explanation, for any material departure, if any;
- accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of financial year ended March 31, 2012 and the profit of the Company for the year ended on that date;

- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; and
- the annual accounts of the Company have been prepared on a going concern basis.

AUDITORS:

M/s. Ashok Khasgiwala & Co., Chartered Accountants, Indore (Firm Reg. No.0743C), the statutory Auditors of the company retire at the close of this Annual General Meeting and is eligible for re-appointment. The Company has received confirmation from the Auditors that their re-appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Audit Committee of the Board has recommended their re-appointment. The necessary resolution is being placed before the shareholders for approval.

AUDITORS' REPORT:

The report of the auditors of the Company and notes to the accounts are self explanatory and therefore do not call for any further comments and may be treated as adequate compliance of Section 217(3) of the Companies Act, 1956.

INSURANCE:

The Company has taken adequate insurance cover for all movable & immovable assets for various types of risks.

ELECTRONIC REGISTRAR:

Our registrar for electronic connectivity with NSDL and CDSL is M/s. Bigshare Services Private Ltd., Mumbai.

FIXED DEPOSITS:

Your Company has not accepted any deposit within the meaning of provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

INDUSTRIAL RELATIONS:

Company's Industrial relations continued to be healthy, cordial and harmonious during the period under review.

Further Income Tax Department has conducted a survey in the month of July 2012 and in order to avoid protracted litigation with revenue authority the Company has recorded an additional income of Rs. 11.00 Cr. for the financial year 2012 -2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, PARTICULAR OF EMPLOYEES AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars required 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 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company during the year under review. Further during the year under review, the Company has neither earned nor used any foreign exchange.

PARTICULARS OF THE EMPLOYEES:

During the year under review, none of the employees of the Company had drawn more than Rs.60,00,000/- per annum or Rs.5,00,000/- per month for the part of the year, hence, information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975, is not applicable.,

ACKNOWLEDGEMENTS:

Your Directors place on record their gratitude to the Central Government, State Governments and Company's Bankers and to other Financial Institutions for the assistance, co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Investors, Customer, Vendors and Employees in ensuring an excellent all around operational performance.

For & On Behalf of the Board

Place: Indore
Date: 13.08.2012

S. S. MUNDRA
CHAIRMAN CUM MANAGING
DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A. Business Overview and Future Outlook:

Economy: Global environment remains uncertain leading to delay in decision making impacting overall growth of industry sectors and companies. Recently, World Bank has revised world GDP growth rate downward to 2.5% from 3.6% for the period 2012. In India the government is aiming at GDP growth rate of about 7.6 per cent this fiscal. India's economic growth rate slowed to 6.5 per cent in the year 2011-12 from 8.4 per cent in the previous two fiscals. The Planning Commission is likely to scale down the targets for average annual industrial and services growth, which, in turn is likely to yield 8.5 per cent overall economic expansion for the 12th Five-Year Plan (2012-13 to 2016-17), down from Nine per cent pegged in the approach paper.

Economists say even 8.5 per cent growth is an optimistic target, which could not be met, unless the government pushes for economic reforms.

For Power, the Eleventh five year plan (2007-2012) had talked of creation of 78,700 MWs of new power generation capacity – of which 59,693 MW (75.8%) was thermal power, 15,627 (19.9%) was hydropower and 3,380 MW (4.3%) was nuclear power. By the end of the planning period i.e. March 31, 2012, around 55,000 MWs of total new generation capacity has been put up. This is around 70% of what was planned. In addition, many projects that are under implementation have slowed down due to issues regarding coal linkages and tariff structures.

Power Sector : The overall Electricity generation in the country (including the imports from Bhutan) has increased to 580.50 billion Unit (April, 2011 to November, 2011) compare to 530.90 in April, 2010 to November, 2010. Though on Y-oY basis availability of electricity has increased but there is energy shortage of 7.3% and more critically peak demand shortage was at 10.6%. To meet the ever growing demand of electricity, under XIIth Five year plan (2012-17) 100 GW capacity has been targeted by the government.

Growth rate of the Indian electrical equipment industry has decelerated to 6.6% in 2011-12 as compared to 11.3% and 13.7% in 2009-10 and 2010-11 respectively according to data compiled by the Indian Electrical and Electronics Manufacturers' Association (IEEMA).

National Tariff Policy mandates state discoms to have solar renewable purchase obligation (RPO) at 3% by 2022. Thus a gradual increase in RPO from 0.25% to 3% brings huge demand of Solar Power generation demand in the country.

The brand "Ujaas" launched by the Company is getting good response from the market. "Ujaas" provides a one stop solution for any prospective solar power producer.

Company's product quality, indigenous technology, continuous R & D and product development activities with own knowledge base and customer support has won accreditation and appreciation from many of its clients and has therefore helped in increase in business. Our products command preference over other brands.

Your Company has opportunity of good growth in business and management is taking all necessary steps to meet the higher demand of its products in domestic and international market.

B. Industry Structure and Developments:

Your Company deals in three segments, first is manufacturing and sale of the Electric Transformers which are used in every type of industry and second segment is Solar Power Generation Plant and third one is one stop solution for Solar Power plant which is being branded as UJAAS. Our Company has recently put 2MWp Solar Power Plant in Rajgarh District, it gives two way revenue to our company, first one is through