

**Annual General Meeting on
Wednesday, the 30th July 2008
At Pleasant Days (Resort),
At 11.30 A.M.**

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Board of Directors

P.E. Subramaniam
Chairman & Managing Director

P.S. Jagdish
Executive Director

P.S. Shekar
Director - Operations

A.P. Muthuswami

K. Kannan

P. Velayudhan Pillai

Company Secretary

V. Balasubramanian

Auditors

G. Balu Associates

Registered Office

DP:36 SIDCO Industrial Estate
Thirumazhisai
Chennai 602 107

Works

- 1) Survey No.151-243
Illuppapattu Village
Near Rajakulam
KM.64 Chennai Bangalore Highway
Kancheepuram 631 561
Tamil Nadu
- 2) DP:14-19 SIDCO Industrial
Estate, Thirumazhisai
Chennai 602 107
- 3) DP:36 SIDCO Industrial
Estate, Thirumazhisai
Chennai 602 107
- 4) VII/222, Koyyamarakkad
Kanjikode, Palakkad 678 621

Registrars**Intime Spectrum Registry Limited**

C-13 Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai 400 078.

Telephone : 022-2596 3838 / 2596 0320

Fax : 022-2594 6969 / 2594 0329

E-mail : isrl@intimespectrum.com

Bankers

Bank of Baroda

Citibank N. A.

Indian Bank

Standard Chartered Bank

State Bank of India

The Hongkong & Shanghai Banking Corporation

DIRECTORS' REPORT

Dear Members,

We are delighted to present the 16th 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 ended 31st March, 2008.

FINANCIAL RESULTS

(Rupees in Lakhs)

	Financial Year ended March 31, 2008	Financial Year ended March 31, 2007
INCOME		
Gross Sales & Other Income	23152.95	19115.67
Gross Profit before depreciation & tax	5986.06	4077.76
Depreciation	174.44	113.78
Profit before tax	5811.62	3963.98
Provision for tax inc. deferred tax and FBT	1909.80	1342.74
Profit after tax	3901.82	2621.24
Income tax of earlier year	3.38	72.00
Balance of profit of earlier years	3307.84	1817.72
Balance available for appropriation	7206.28	4366.96
APPROPRIATIONS		
General Reserve	500.00	500.00
Dividend	637.20	477.90
Tax on Dividend	108.29	81.22
Balance carried to Balance Sheet	5960.79	3307.84

DIVIDEND

Your Company has had a consistent dividend policy of balancing the twin objectives of appropriately rewarding the share holders and retaining capital to maintain a healthy cash flow to support future growth. It has a consistent track record of moderate but steady increases in dividend declarations over the past few years with the dividend paying ratio of around 21%. In line with and in recognition of the robust performance during 2007-08, your Directors are pleased to recommend a dividend of 60% for the year ended March 31, 2008 as against 45% for the year ended March 31, 2007. The dividend shall be subject to dividend distribution tax to be paid by the company.

FINANCIAL HIGHLIGHTS

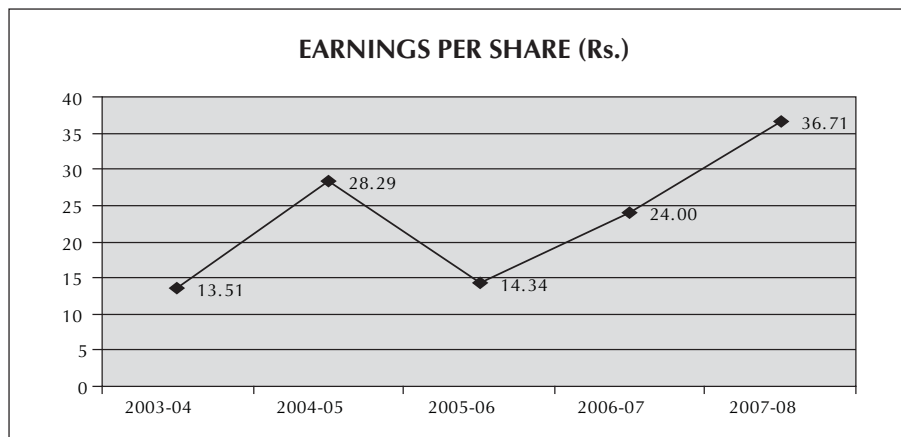
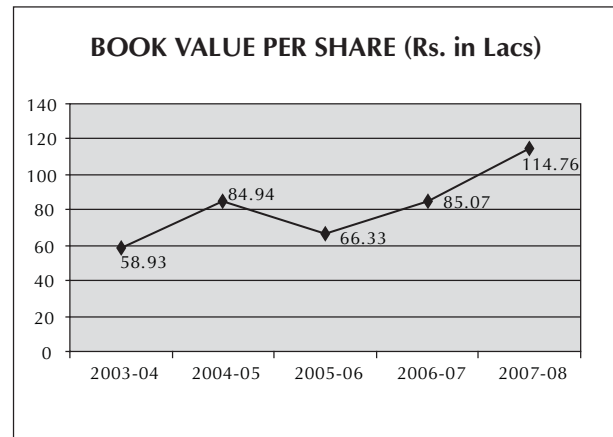
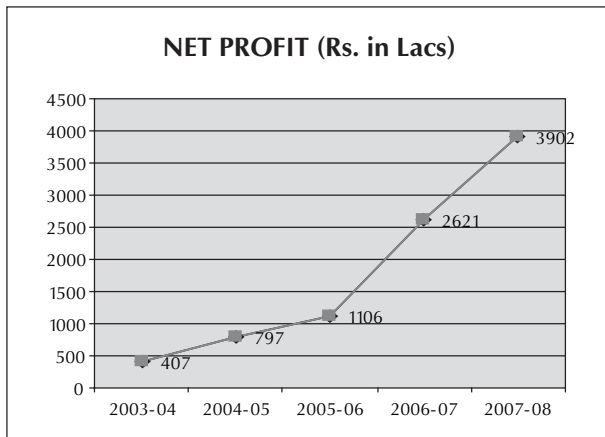
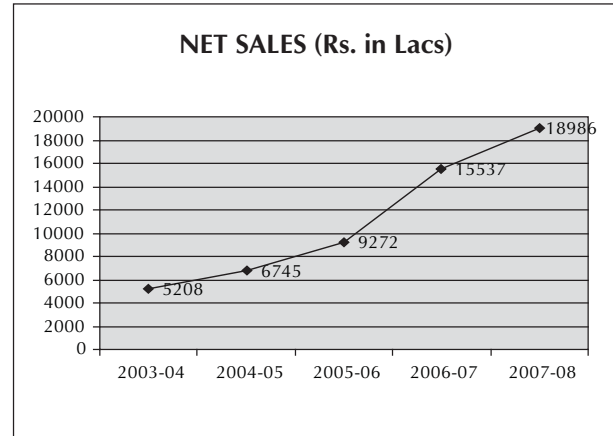
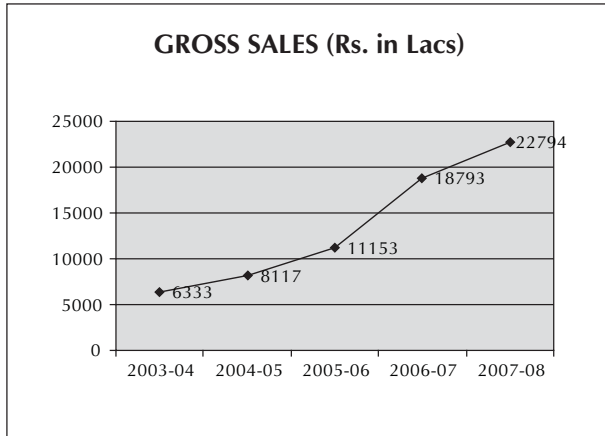
Rs. in Lacs

	2007-08	2006-07	2005-06	2004-05	2003-04
Gross Sales & Other Income	23153	19115	11233	8175	6363
Net Sales & Other Income	19345	15859	9352	6803	5237
Earnings before Depreciation, Interest and Tax (EBDIT)	6123	4225	1809	1230	684
Depreciation	174	114	85	86	73
Profit After Tax	3902	2621	1106	797	407
Equity Dividend %	60	45	20	20	12
Dividend Payout	637	478	212	56	34
Equity Share Capital	1062	1062	1062	282	282
Reserves and Surplus	11218	8065	6075	2111	1378
Net Worth	12280	9127	7137	2393	1660
Gross Fixed Assets	9219	4574	2041	1677	1517
Net Fixed Assets	8313	3826	1344	1063	969
Total Assets	14155	9971	7501	2786	2096

KEY INDICATORS

Rs. in Lacs

	2007-08	2006-07	2005-06	2004-05	2003-04
Earnings per Share - Rs.	36.71	24.00	14.34	28.29	13.51
Turnover per share - Rs.	218.00	179.99	105.77	290.21	225.89
Book value per share - Rs.	114.76	85.07	66.33	84.94	58.93
Debt : Equity Ratio	0.12:1	0.07:1	0.03:1	0.09:1	0.15:1
EBDIT / Gross Turnover %	26%	22%	16%	15%	11%
Net Profit Margin %	20%	17%	12%	12%	8%
RONW %	32%	29%	15%	33%	25%
ROCE %	28.28	26.61	15.07	33.36	21.21



OPERATIONS AND PERFORMANCE

Your Company has performed well in spite of constraints and competition. Growth has been maintained in the local markets and the Company has been successful in procuring a few export orders. Our investments in manpower resources, technology and seeking new business areas continue to be the growth engines.

Your Company's total revenues for the year 2007-08 were Rs.23152.95 lakhs representing a growth of 21.12%. (Rs.19115.67 lakhs for the previous year ended March 31, 2007). The Net Profit after provision for taxation for the year ended March 31, 2008 was Rs.3901.83 lakhs (Rs.2621.24 lakhs for the previous year ended March 31, 2007) signifying a growth of 48.86%. The earning per share and cash earning per share for the year under review was Rs.36.71 and Rs.38.35 respectively.

Your Company's net worth continues to be strong and stood at Rs.12279.84 lakhs as on March 31, 2008 (Rs.9126.89 lakhs in March 31, 2007), reflecting the intrinsic strength of the Company. The book value per share is Rs.114.76 signifying consistent enhancement in shareholders value.

Earnings per share increased from Rs.24.00 to Rs.36.71.

LARGE POWER TRANSFORMER PLANT AT KANCHEEPURAM

The large power transformer plant at Kancheepuram has commenced manufacturing activities from February 2008 with an installed capacity of 4000 MVA. Though originally conceived with an installed capacity of 2400 MVA, it was decided to revise it to 4000 MVA to cater to anticipated demand. The plant is equipped to manufacture large power transformers upto 315 MVA (400KV Class). The Company is now having a total installed capacity of 7450 MVA.

This plant is a world class state-of-the art plant spread over 31 acres of land situated on National Highway 4 and the total built up area exceeds 110000 sq. feet. The plant has vapour phase drying ovens instead of conventional drying, using steam or electricity. The advantage is considerable saving in drying time and faster, efficient and thorough drying and increase in productivity.

Winding machines, both vertical and horizontal with variable drives are used which enables the machines to start at zero or minimum speed, avoiding jerks to the coil. Braking is also smooth. This ensures error free coil winding on the machines and also savings in energy consumed by the winding machines. The entire winding area is totally dust free with positive pressure.

The plant has a number of EOT cranes with the single largest crane of 200T capacity in addition to a number of jib cranes for the work stations.

The plant has epoxy flooring which helps in maintaining a dust free atmosphere and any oil slippage can be wiped clean and does not affect the flooring.

Metal halide lamps are used for better lighting efficiency/economy.

BUSINESS OPERATIONS OVERVIEW AND OUTLOOK

The year 2008-09 is expected to be full of opportunities as far as business from State Electricity Boards, Power Projects, Public Utilities, Industrial Customers and Exports are concerned. The Rural Electrification Programme of the Government of India to electrify all villages in the country is expected to substantially boost the demand for transformers.

The power intensive sectors like cement, metals, chemicals, oil and gas which are planning massive investments are expected to boost up the demand for transformers. Good demand is also expected from the real estate sector.

Your Company continues to get regular orders from State Electricity Boards, other Public Utilities, leading Turnkey Electrical Contractors as well as a range of Industrial Customers. The Company is also optimistic of securing a good volume of export orders. The above will result in extending the Customer base of the Company and will enable the Company to achieve its projected growth in the years to come.

IPO FUNDS UTILISATION

The Company went in for an IPO (Initial Public Offer) in February 2006. The IPO funds of Rs.37.95 crores (nett of expenses) have been fully utilized for the under-noted projects.

1. Relocation and Modernization of Saidapet plant into a new Distribution Transformer Plant of 750 MVA / annum at Thirumazhisai
2. Setting up of a Dry Type Transformer Plant at Thirumazhisai.
3. Setting up of a large Power Transformer Plant at Kancheepuram

All the projects have been completed and the Directors commend the members of the Project Monitoring Committee for their valuable contribution.

ACQUISITION OF LAND FOR CORPORATE OFFICE IN CHENNAI

Your Company has procured land and building for Rs.6.30 crores for re-locating the Corporate Office from Thirumazhisai to Chennai and is in consultation with its engineers and architects for construction of a modern office building. The construction of the building is expected to be completed by March 2009 subject to receipt of various approvals and the Corporate Office would be shifted shortly thereafter. The purpose of shifting the Corporate Office is manifold. The Corporate Office would be in the heart of the city and close to the Airport. It would be easily accessible to the Company's customers, suppliers, bankers and other stakeholders. The Company's officials would also be able to save considerable time while liaising with customers, bankers and statutory authorities since they would be located in close proximity to the Company's proposed Corporate Office. This acquisition has been financed from internal accruals.

IMPLEMENTATION OF ERP

The Company is now in the process of implementing a comprehensive ERP package (Infor LN) to better manage its systems and processes. This ERP would be implemented across the organization integrating the work of various departments, line functions, improve management information systems and enable better management control of operations and activities.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. K. Kannan, Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offer himself for re-appointment.

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 31st March, 2008 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 2007-08 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 ended 31st March 2008 on a 'going concern basis'.

CORPORATE GOVERNANCE

Your Company continues to be 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

The Auditors of your Company, M/s. G. Balu Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Your Directors recommend their appointment for your approval.

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.

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 Annexure I.

PARTICULARS OF EMPLOYEES

Particulars of employees who are in receipt of remuneration prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure II.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of co-operation and support received from employees at all levels, banks, customers, suppliers, registrars, shareholders, and all other stake holders for the continued growth and prosperity of your Company. Your Directors look forward to the continued support of these partners in progress.

For and on behalf of the Board of Directors

INDO TECH TRANSFORMERS LIMITED

P. E. SUBRAMANIAM

Chairman & Managing Director

Chennai, May 30, 2008

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 implementation of energy audit and energy conservation measures. Process procedures have been optimized to reduce energy consumption per unit/ rupee of production.
- ii. The fluorescent lights at the Plant have been fitted with electronic ballast for higher efficiency and conservation of energy.
- iii. Lighting survey was carried out and some lighting points reduced.
- iv. The new Distribution Plant at Thirumazhisai has been designed in such a way that during normal day shifts, the natural lighting is sufficient for all operations thereby saving on artificial lighting costs. The efficiencies of the new Air Drying Ovens, Paint Booth and Variable Drives fitted with all the winding machines installed at the new D.T plant will ensure reduction in energy costs to a great extent.
- v. The Open Ventilated Dry Type (OVDT) plant has also been set up in similar lines as above.
- vi. The large Power Transformer Plant at Kancheepuram has also been set up in similar lines as above.
- vii. Sodium Vapour lamps in Thirumazhisai Power Transformer Plant have been entirely replaced with Metal Halide lamps for better efficiency/economy.
- viii. Large Power Transformer Plant at Kancheepuram

Vapour Phase Drying is an advancement on the drying method for transformer windings/coils. Instead of conventional drying, using steam or electricity, Shellsol or equivalent is used as a solvent in vapour phase drying. There is tremendous saving in drying time thus increasing productivity and the drying is more efficient and thorough.

Thermic fluid is used as the medium of heating and this thermic fluid is heated in boilers using furnace oil. When compared to conventional electric heating, this method of heating results in saving half the running cost.

Winding machines with variable drives are used which enables the machines to start at zero or minimum speed, avoiding jerks to the coil. Braking is also smooth. This ensures error free coil winding on the machines and also savings in energy consumed by the machines.

The 1600 KVA energy efficient transformer installed at the Kancheepuram Power transformer Plant has laser scribed core to minimize core loss and increase efficiency.

B. TECHNOLOGY ABSORPTION

Research & Development :

1. Specific areas in which R&D is carried out by the Company
In the OVDT plant, the consumption of varnish has been studied and accordingly the Vacuum Pressure Impregnation (VPI) Plant has been designed such that a fine coat over the coils is obtained and consumption of varnish is reduced.
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 in 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.
3. Future plan of action:
All the above stated activities will be further accelerated and amplified to ensure conformance and further developments. Three new State of the art plants to manufacture Large Power Transformers at Kancheepuram; Distribution Transformers and Open Ventilated Dry Type Transformers at Thirumazhisai have been established and commercial production has commenced. Modern plant and machinery have been installed such as winding machines and vapour phase drying ovens which will enable faster processing of transformers with less energy consumption.

3. Technology Absorption, Adaptation and Innovation:

Indo Tech's agreement and M.O.U with Dupont Inc. signed on 10th August, 2006 will ensure that the Company will get the latest technology with regard to the various design and manufacturing processes for the Open Ventilated Dry Type transformers which find a lot of applications in the urban areas and other special application areas such as petrochemical and shipbuilding industry to name a few.

The Company is in the process of locating suitable partners for technical know-how to manufacture large Power transformers at its new Kancheepuram Plant.

C. IMPORTED TECHNOLOGY

The Company is in the process of locating a foreign collaborator for collaboration to manufacture 400 KV Power Transformers.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of the Company during the year under review was nil and outgo was Rs.420.01 lakhs.

Annexure II to Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming Part of the Directors' Report for the year ended 31st March, 2008

Name of the Employee	Designation	Age	Qualifications	Experience	Date of Joining	Remuneration pa. (Rs.)	Commission (Rs.)	Previous Employments
P. E. Subramaniam	Chairman & Managing Director	70 Yrs	Diploma in Electrical Engg.	48	16.01.92	18,30,269	60,38,091	Partner Indo Tech Electric Company
P. S. Jagdish	Executive Director	41 Yrs	Industrial Production Engineer	18	16.01.92	11,00,585	60,38,091	Partner Indo Tech Electric Company
P. S. Shekar	Director Operations	37 Yrs	B. Com	14	22.08.94	11,56,671	60,38,090	None

Notes :

1. "Remuneration" includes salary, allowances, commission and taxable value of perquisites.
2. The above appointments are contractual.
3. Mr. P. E. Subramaniam, Mr. P. S. Jagdish and Mr. P. S. Shekar are related to each other.

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance:

The Company's philosophy is to aim at the highest levels of quality management through transparency and commitment to all the stakeholders viz. its shareholders, employees, Government, lenders and the promoters. Management ensures that its day to day business transactions are conducted in an open and honest manner.

Board of Directors:

The Board of Directors provides the strategic direction and thrust to the operations of the Company. The Board has an Executive Chairman and five other Directors. Out of these, three members are Independent Directors.

Except Mr. P. E. Subramaniam and Mr. P. S. Jagdish, Chairman & Managing Director and Executive Director respectively, all other Directors are liable to retire by rotation.

Mr. P. E. Subramaniam, Mr. P. S. Jagdish and Mr. P. S. Shekar are related to each other.

Board Procedures:

The Company Secretary prepares the agenda in consultation with the Chairman of the Board of Directors and the Chairman of the various committees. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated well in advance of the meetings. The meetings are held in Chennai.

Attendance at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of Committees of each Director in various companies :

During the year under review, the Board of Directors met 5 times on 27th April, 2007, 18th June, 2007, 30th July, 2007, 30th October, 2007 and 30th January, 2008,

Name of Director	Type of Director	Board Meetings Attended	AGM Attended	No. of Committee Memberships Held	No. of other Directorships Held
P.E. Subramaniam Chairman & Managing Director	Promoter Director	5	Yes	Nil	1
P.S. Jagdish Executive Director	Promoter Director	5	Yes	Nil	1
P.S. Shekar Director-Operations	Promoter Director	5	Yes	Nil	1
K. Kannan Director	Independent Director	4	Yes	6 (including 2 as chairman)	6
A.P. Muthuswami Director	Independent Director	5	Yes	Nil	Nil
P. Velayudhan Pillai Director	Independent Director	2	No	Nil	Nil

*The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

*In accordance with Clause 49, Memberships/Chairmanships of only the Audit and Shareholders'/Investors' Grievance Committees of all Public Limited Companies [excluding Indo Tech Transformers Limited] have been considered.

Brief Resume of Director seeking re-appointment:

A brief resume of the Director seeking re-appointment at the Sixteenth Annual General Meeting is given in Annexure "A".

Audit Committee:

The Audit Committee consists of two Independent Directors and one Executive Director viz.,

Sl. No.	Name	Category of Membership
1	Mr. K. Kannan	Chairman
2	Mr. A. P. Muthuswami	Member
3	Mr. P. S. Jagdish	Member

Mr. K. Kannan is ex-Chairman & Managing Director of Bank of Baroda and has sound knowledge in the areas of Banking, Finance, Taxation and Accounts. Mr. A. P. Muthuswami is the former Chief Secretary of the Government of Tamil Nadu. Mr. P. S. Jagdish is a Wholetime Director with responsibility for Finance and Legal functions. Mr. V. Balasubramanian, Company Secretary, is the Secretary of the Audit Committee.

Terms of Reference: Clause 49 of the Listing Agreement lists the role of the Audit Committee. The gist of the terms of reference are as follows:

- " Oversee Company's financial reporting process and disclosures.
- " Recommend appointment/removal/remuneration and payment of other fees to the statutory auditors.
- " Review with the management the quarterly and annual financial statements before submission to the Board.
- " Review with the Management, performance of the Statutory and Internal Auditors.
- " Review adequacy of internal control systems, internal audit department, reporting structure and frequency.
- " Discussion with internal auditors of any significant findings and follow-up thereon.

The Attendance of Directors at the Audit Committee Meetings held during the year ended 31st March 2008 is given below:

Sl. No.	Members	Meetings Held	Meetings Attended
1	Mr. K. Kannan	5	4
2	Mr. A. P. Muthuswami	5	5
3	Mr. P. S. Jagdish	5	5

Shareholders/Investors Grievance Committee:

The Shareholders/Investors Grievance Committee consists of two Independent Directors and one Executive Director viz.,

Sl. No.	Name	Category of Membership
1	Mr. A. P. Muthuswami	Chairman
2	Mr. P. Velayudhan Pillai	Member
3	Mr. P.S. Jagdish	Member

The Committee oversees the performance and recommends measures to improve the shareholders/investors service. Mr. V. Balasubramanian, Company Secretary, is the Secretary of the Committee. The Committee met once on 30th July, 2007.

During the Financial Year ended 31st March 2008, a total of 27 complaints were received from the shareholders. All these complaints were resolved within the financial year.

The Attendance of Directors at the Shareholders/Investors Grievance Committee Meetings held during the year ended 31st March 2008 is given below:

Sl. No.	Members	Meetings Held	Meetings Attended
1	Mr. A. P. Muthuswami	1	1
2	Mr. P. Velayudhan Pillai	1	0
3	Mr. P. S. Jagdish	1	1

Remuneration Committee:

The Remuneration Committee consists of three Independent Directors viz:

Sl. No.	Name	Category of Membership
1	Mr. K. Kannan	Chairman
2	Mr. A. P. Muthuswami	Member
3	Mr. P. Velayudhan Pillai	Member

The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges that include determination of the Company's policy on specific remuneration packages for Directors.

The Non-executive Directors are not paid commission over and above the sitting fees. They are paid Sitting Fees of Rs.20,000/- for attending a meeting of the Board or Committee thereof.

No Meeting of the Remuneration Committee was held during the Financial Year 2007-08.

Details of remuneration paid to Wholetime Directors during the Financial Year 2007-08:

Sl. No.	Name	Designation	Salary & Allowances (Rs.)	Taxable value of perquisites (Rs.)	Commission (Rs.)
1	P.E. Subramaniam	Chairman & Managing Director	14,20,000	4,10,269	60,38,091
2	P.S. Jagdish	Executive Director	8,70,000	2,30,585	60,38,091
3	P.S. Shekar	Director-Operations	8,70,000	2,86,671	60,38,090

Details of Sitting fees paid to Independent Directors during the Financial Year 2007-08: (Fees - Rs)

Sl. No.	Name	Board Meeting	Audit Committee	Shareholders' Grievance Committee	Remuneration Committee	Project Monitoring Committee
1.	K.Kannan	80,000	80,000	20,000	-	-
2.	A.P. Muthuswami	1,00,000	1,00,000	20,000	-	40,000
3.	P. Velayudhan Pillai	40,000	20,000	-	-	-

General Body Meetings:

The particulars of Annual General Meetings held during the last three years are as under:

Year	Date and Time	Venue
2007	30th July 2007 at 11.30 A.M	Pleasant Days Resort, Chennai-Bangalore Trunk Road Palanjur, Sembarambakkam, Chennai 602 103
2006	27th July 2006 at 11.30 A.M	Pleasant Days Resort, Chennai-Bangalore Trunk Road Palanjur, Sembarambakkam, Chennai 602 103
2005	28th July 2005 at 10.30 A.M.	DP-36, SIDCO Industrial Estate, Thirumazhisai, Chennai 602 107

The particulars of Extra-Ordinary General Meetings held during the last three years are as under:

Year	Date and Time	Venue
2006	2nd January 2006 at 11.00 A.M	DP-36, SIDCO Industrial Estate, Thirumazhisai, Chennai 602 107
2005	10th October 2005 at 11.00 A.M	DP-36, SIDCO Industrial Estate, Thirumazhisai, Chennai 602 107
2004	16th April 2004 at 1.00 P.M.	DP-36, SIDCO Industrial Estate, Thirumazhisai, Chennai 602 107

Five Special Resolutions were passed by the Company in the Annual General Meeting held in 2006 by show of hands. No Special Resolutions were passed at the aforesaid Annual General Meetings necessitating postal ballot.

Disclosures:

- a. Related Party Transactions: Disclosure on transaction(s) with related party as required under Accounting Standard 18 has been incorporated in the Notes to Accounts.
- b. There are no instances of non-compliance with Stock Exchange or SEBI regulations, nor any cases of penalties or strictures imposed by any Stock Exchange or SEBI or any statutory authority for any violation related to Capital Markets during the last three years.
- c. The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges as well as with the Regulations of the Securities and Exchange Board of India.
- d. The Company affirms that no employee has been denied access to the audit committee.

Means of Communication:

The Quarterly Financial Results are published in English and vernacular newspapers. These results are generally published in the All India editions of The Economic Times and Makkal Kural. The results are also posted on SEBI’s website www.sebiedifar.nic.in. and the Company’s website www.indo-tech.com

Management Discussion and Analysis Report:

The Management Discussion and Analysis (MDA) giving an overview of the Company’s business and its financials etc. is provided separately as part of this Annual Report.

Code of Conduct:

The code of Conduct for all the members of the Board and senior management of the Company has been posted on the website of the Company: www.indo-tech.com

Shareholders’ Information:

1. Annual General Meeting

Date : 30.07.2008
 Time : 11.30 A.M.
 Venue : Pleasant Days Resort
 Chennai-Bangalore Trunk Road
 Palanjur, Sembarambakkam
 Chennai - 602 103.

2. Financial Calendar

April to March

3. Book Closure Date

July 14 to July 30, 2008

4. Financial Calendar

Results for the quarter ending June 30, 2008	Last week of July 2008 (tentative)
Results for the quarter ending September 30, 2008	Last week of October 2008 (tentative)
Results for the quarter ending December 31, 2008	Last week of January 2009 (tentative)
Results for the quarter ending 31st March, 2009	Last week of May 2009 (tentative)
Annual General Meeting	4th week of July 2008 (tentative)

5. Dividend Payment Date

By third week of August 2008

6. Listing of Shares on Stock Exchanges

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Stock Code :

BSE SCRIP CODE NSE SYMBOL
 532717 INDOTECH

The ISIN No. is INE332H01014.

7. Status of Listing Fees

The Company has paid Listing Fees for the year 2008-2009 to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited within the stipulated time.

8. Stock Price Data

Month	NSE		BSE	
	High	Low	High	Low
April 2007	333.30	256.40	334.00	257.00
May 2007	389.00	320.00	389.60	317.75
June 2007	433.05	331.10	432.60	331.15
July 2007	490.00	395.00	485.95	395.00
August 2007	588.00	441.10	586.75	440.25
September 2007	581.00	503.35	581.45	503.05
October 2007	624.90	465.00	622.90	453.05
November 2007	709.00	542.90	715.00	581.00
December 2007	764.00	575.00	762.30	625.00
January 2008	865.50	600.55	807.75	536.65
February 2008	689.00	501.00	689.95	540.05
March 2008	610.00	400.00	614.35	410.00

Note : The Equity Shares of the Company were listed on NSE and BSE on 16th March, 2007.

9. Registrar and Share Transfer Agents**Intime Spectrum Regisry Limited**

C-13 Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West), Mumbai 400 078
Phones : 91-22-25960320-28
Fax : 91-22-25946969/25960329
e-mail : isrl@intimespectrum.com

10. Shareholding Pattern as on 31.03.2008

Category	No. of Shares	Percentage
Promoters and Persons acting in concert	5771625	54.35
Mutual Funds	359118	3.38
Financial Institutions / Banks	2316	0.02
Foreign Institutional Investors	1526628	14.38
Private Corporate Bodies	1248511	11.76
Public	1598256	15.05
NRI's	92221	0.87
Clearing Members	19725	0.18
Trust	1600	0.01
Total	10620000	100.00

11. Share Transfer System

The Board has constituted a Share Transfer Committee and has delegated the requisite authority to the Committee to attend to share transfer matters. All share transfer matters and share related issues are approved by the Share Transfer Committee comprising of two Directors and the Company Secretary. Requests received for transfer of shares are processed within 15 days of receipt.

12. Shares held in dematerialized form:

Shareholding Summary as on 31st March, 2008.

Category	No. of Holders	Total Shares	% to Equity
Physical	7	416263	3.92
NSDL	12440	9791694	92.20
CDSL	3354	412043	3.88

13. Address for Correspondence

Company Secretary
Indo Tech Transformers Limited
DP:36 Sidco Industrial Estate
Thirumazhisai
Chennai 602 107
Phone : 91-44-30289830/9833/9836

14. Distribution Schedule as on March 31, 2008.

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% of Shareholding
1 to 5000	15162	95.9560	9525220	8.9690
5001 to 10000	302	1.9110	2378970	2.2400
10001 to 20000	180	1.1390	2676130	2.5200
20001 to 30000	55	0.3480	1366480	1.2870
30001 to 40000	16	0.1010	563710	0.5310
40001 to 50000	19	0.1200	908050	0.8550
50001 to 100000	28	0.1770	1970670	1.8560
Greater than 100000	39	0.2470	86810770	81.7430
TOTAL	15801	100.0000	106200000	100.0000

Adoption of Non-Mandatory Requirements of Clause 49

- The Company complies with the following non-mandatory requirements stipulated under Clause 49.

Remuneration Committee:

The Company has constituted a Remuneration Committee to recommend / review remuneration of the Managing Director and Wholetime Directors based on their performance.

Audit Qualification:

Company is in the regime of unqualified financial statements.

Whistle Blower Policy:

The Company has a whistle blower mechanism wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management. The confidentiality of those reporting violations shall be maintained and they shall not be subjected to any discriminatory practices.

For and On Behalf of the Board

Place : Chennai
Date : 30th May, 2008

P. E. Subramaniam
Chairman & Managing Director

ANNEXURE - A

Name of Director	Mr. K. Kannan
Date of Birth	17.11.1939
Date of Appointment	28.07.2004
Areas of Experience	Mr. K. Kannan is a Chartered-cum-Cost Accountant. He is a former Chairman-cum- Managing Director of Bank of Baroda. He is on the Board of various reputed companies and also the Chairman/Member of various Board Committees of various companies. He is also the Acting Chairman of the Takeover Panel of the Securities & Exchange Board of India.
Educational Qualifications	B.Com, F.C.A., A.I.C.W.A
Companies in which he holds Directorship	Kesar Enterprises Limited Advani Hotels & Resorts (India) Limited Advani Pleasure Cruise Company Pvt. Ltd. Patel Engineering Limited Consolidated Construction Consortium Limited Andhra Pradesh State Finance Corporation Limited Prithvi Asset Reconstruction Company Limited Shubhalakshmi Polyesters Limited
Membership/ Chairmanship of Board Committees	Kesar Enterprises Limited (member - audit committee) Advani Hotels & Resorts (India) Limited (chairman - audit committee / remuneration committee; member - shareholders' grievance committee) Patel Engineering Limited (chairman - audit committee; member - shareholders' grievance committee) Consolidated Construction Consortium Ltd. (member - audit committee)

None of the Non-executive Directors hold equity shares of the Company in their own name or for any other persons on a beneficial basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to statements about the company's strategy for growth, product development, market position, expenditures, and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

INDUSTRY

The Government of India has projected investments of over Rs.10 trillion in the 11th Five Year Plan, with a major focus on the T & D segment of the industry, which accounts for Rs.4.25 trillion. The transformer segment accounts for around 15% of the total investments in the T & D segment. Transformer demand is driven by 4 major aspects - fresh investments in power generation, transmission and distribution, replacement demand for the older transformers and robust rise in industrial capex and exports.

OPPORTUNITIES, THREATS AND RISKS

The Company is a key player in the transformer industry in South India and has currently expanded its manufacturing capacity from 3350 MVA to 7450 MVA to cater to growing demand for transformers in view of the importance given by the Govt. of India to the Power Sector in general and Rural Electrification in particular.

Our results of operations could potentially be affected by the following factors:

- * The transformer industry is to a great extent dependant on the investment allocation of the Government of India. Any unforeseen change in the allocation and planning on the part of the Government may lead to a complete change in the dynamics of the industry.
- * The sharp movement in the prices of the raw material, on either side, may put pressure on the margins of the companies. The raw material forms around 75% of the pricing of a transformer.
If the major raw materials like copper and CRGO were to correct sharply, going ahead, this would lead to lower realizations for the companies.
- * The transformer industry is by nature a manpower oriented industry. Transformer manufacturing requires skilled manpower, which in today's situation is scarce. The companies are trying their best to train new people and retain older ones,
- * Imports may turn out to be a concern in the coming years. Imports may be difficult due to freight costs involved and the raw material prices being the same globally. It leaves a very small differential in the pricing of transformers.

PRODUCT PERFORMANCE

1. Revenues

Our revenues comprise of

- i). Sale of Transformers, and
- ii). Other income.

The following table shows our revenue for last three fiscals ended March 31, 2008 :

(Rs. in lakhs)

Sources of Revenue	FY2008	FY2007	FY2006
Sale of Transformers	22,794.48	18,793.22	11,152.75
Other Income	358.46	322.45	79.80
Total Revenue	23,152.94	19,115.67	11,232.55

We derive our revenues primarily from sale of transformers to State Electricity Boards, EPC Contractors, Corporates etc.

3. Expenditure

The following table shows our expenditure for last three fiscals ended March 31, 2008:

(Rs. in lakhs)

Expenditure	FY 2008	FY 2007	FY 2006
Manufacturing Expenses	11497.59	10229.60	6576.02
Employees Remuneration	679.45	528.20	328.73
Administration and other expenses	1044.25	877.07	637.30
Preliminary expenses written off	-	-	-
Interest and finance charges	137.39	146.79	74.00
Depreciation	174.44	113.78	85.48
Total	13,533.12	11,895.44	7701.53

BUSINESS OVERVIEW AND OUTLOOK

There is expected to be good demand for transformers in the power-intensive sectors like Cement, Metals, Chemicals, Oil and Gas where massive investments are planned in the coming years. The metal industry is also experiencing a tremendous upswing in terms of capital expenditure. With power being a major input, all the companies are looking at captive power plants to achieve cost efficiencies and assured availability.

Huge demand is expected from robust activities taking place in the real estate sector.

The growth of SEZs will also boost the growth for medium sized transformers.

The dry type transformers will also be in great demand as their application increases in shopping malls, hotels and other commercial set-ups.

Apart from domestic demand, the power sector in the developing regions of the world like the Middle East, Africa and Asia is on the growth path and this would be a huge opportunity for the players in the industry to export profitably.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The CEO/CFO certification provided in the report discusses the adequacy of our internal control systems and procedures.

The Company has an independent Internal Auditor for periodically carrying out audit of the transactions of the Company in order to ensure that recording and reporting are adequate and proper. The Internal Auditors independently evaluate the adequacy of internal controls to ensure that internal controls, checks and balances in the system are adequate, proper and up-to-date. Safeguarding of assets and protection against unauthorized use are also part of these exercises

FINANCIAL AND OPERATIONS PERFORMANCE

The financial and operational performance of the Company has improved significantly. Higher productivity, cost curtailment together with the ongoing move towards becoming a complete value added player continues to be the area of focus for the Company.

Financial Results

(Rs. in lakhs)

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Total Revenue	23152.95	19115.67
Operating Profit (EBIDT)	6123.47	4224.55
Profit Before Tax (PBT)	5811.62	3963.98
Profit After Tax (PAT)	3901.82	2621.24

Your Company's revenues have increased by 21.12% and PAT has increased by 48.86% over the previous year. The operating margins (EBIDT) have improved from Rs.4224.55 lakhs in 2007 to Rs.6123.47 lakhs in 2008.

HUMAN RESOURCES

Our employees are our most important assets. The Company has been continuously upgrading the quantity and quality of its human resources to support its growth plans. The Company possesses a team of able and experienced professionals.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER

We hereby certify that for the financial year ending 31.03.2008, on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ending 31.03.2008, which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and have taken the required steps to rectify these deficiencies.
5. We further certify that:-
 - (a) There have been no significant changes in internal control during this year.
 - (b) There have been no significant changes in accounting policies during this year.
 - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system.

Place : Chennai
Date : 30th May, 2008

P.S. Jagdish
Chief Financial Officer

P. E. Subramaniam
Chairman & Managing Director

Auditor's Certificate on Corporate Governance

To the Members of Indo Tech Transformers Limited

We have examined the compliance of conditions of Corporate Governance by Indo Tech Transformers Limited for the year ended on 31st March 2008, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of Investor Grievances received during the year ended March 31, 2008 no Investor Grievances are pending for a period exceeding one month against the Company as per the records produced to us.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **G. BALU ASSOCIATES**
Chartered Accountants

RAJA GOPALAN. B
Partner
Membership No. : 217187

Place : Chennai
Date : 30th May, 2008

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for all Board members and senior management of the Company. This Code has been hosted on the Company's website www.indo-tech.com.

I confirm that the Company has in respect of the financial year ended 31st March 2008, received from the Members of the Board and the senior management team of the Company a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means employees in the rank of Deputy General Manager, General Manager, Vice President and President.

Place : Chennai
Date : 30th May, 2008

P. E. Subramaniam
Chairman & Managing Director

AUDITOR'S REPORT

TO

**THE MEMBERS
INDO TECH TRANSFORMERS LIMITED
CHENNAI**

- 01) We have audited the attached Balance Sheet of INDO TECH TRANSFORMERS LIMITED, Chennai, as at 31st March 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 02) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 03) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from the examination of the books.
- c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. On the basis of written representations received from the Directors and taken on record by the Board of Directors of the Company, we report that none of the director is disqualified as on 31st March, 2008 from being appointed as a Director in terms of Clause (g) of subsection (1) of Section 274 of Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the **Balance Sheet**, of the state of affairs of the Company as at 31st March 2008
 - b) in the case of the **Profit and Loss Account**, of the Profit of the Company for the year ended on that date and
 - c) in the case of the **Cash Flow Statement**, of the cash flows for the year ended on that date.

Place: Chennai
Date : 30th May, 2008

For M/s G.BALU ASSOCIATES
Chartered Accountants

RAJA GOPALAN. B
Partner
Membership.No.217187

ANNEXURE TO THE AUDITOR'S REPORT

STATEMENT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF INDOTECH TRANSFORMERS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2008.

01. FIXED ASSETS:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c. No substantial parts of fixed assets have been disposed of during the year.
- d. The disclosure requirements as required by AS-10 are made in the necessary area.

02. INVENTORIES:

- a. Physical verification of inventory has been conducted at reasonable intervals by the management.
- b. The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c. The company is maintaining proper records of inventory and no materials discrepancies were noticed on physical verification.
- d. The disclosure requirements as required by AS-2 are made in the necessary area.

03. LOANS:

As per the records produced to us and the explanations offered thereon, the company has neither granted or taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

04. INTERNAL CONTROL SYSTEM:

In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in the internal control system of the company.

05. CONTRACTS (OR) ARRANGEMENTS:

In our opinion and according to the information and explanations given to us

- a. The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section, and
- b. The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

06. PUBLIC DEPOSITS:

The Company has not accepted any deposits from the public and hence compliance with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the Rules framed there under are not applicable.

07. INTERNAL AUDIT SYSTEM:

In our opinion, the company has adequate internal audit system commensurate with its size and nature of its business.

08. COST AUDIT RECORDS:

Based on the information and explanations furnished to us, the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, is not applicable.

09. STATUTORY DUES:

- a. According to the records produced, the company is generally regular in depositing with appropriate authorities the undisputed applicable statutory dues including Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess.
- b. As per the books and records provided to us along with the explanations and information the following are the statutory dues which have not been deposited on account of dispute

Name of the Statute	Nature of the dues	Amount in Rs.	Forum where dispute is pending
The Central Sales Tax Act, 1956	Demand for the Financial Year 1996 - 97	4,41,618	High Court
The Central Sales Tax Act, 1956	Demand for the Financial Year 1998 - 99	3,56,433	Tribunal Authority
The Central Sales Tax Act, 1956	Demand for the Financial Year 2000 - 01	2,23,430	Tribunal Authority
The Central Sales Tax Act, 1956	Demand for the Financial Year 2001 - 02	1,30,159	Appellate Assistant Commissioner
TNGST Act, 1959	Demand for the Financial Year 2001- 02	15,607	Appellate Assistant Commissioner
The Central Excise Act, 1944	Interest & Penalty on excise duty for the Financial Year 2005 - 06	27,27,950	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty & Penalty for the Financial Year 2005 - 06	2,93,918	Commissioner (Appeals)
The Central Excise Act, 1944	Interest on Excise Duty for the Financial Year 2005 - 07	1,39,875	CESTAT
The Customs Act, 1962	Customs Duty for the Financial Year 2005 - 06	14,17,317	CESTAT
The Service Tax Act, 1994	Service Tax, Interest & Penalty on GTA Services for the Financial Year 2006 - 07	1,59,253	Commissioner (Appeals)
Income Tax Act, 1961	Demand for the Assessment Year 2003 - 04	12,67,553	Commissioner (Appeals)
The Industrial Disputes Act, 1947	Demand for incentive claimed by workers	1,11,812	High Court

10. ACCUMULATED LOSSES:

The company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

11. DUES TO FINANCIAL INSTITUTIONS/BANKS:

The company has not defaulted in repayment of dues to any financial institutions or banks or debenture holders.

12. LOANS BY PLEDGE OF SHARES:

The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. CHIT FUND COMPANY:

The company is not a Chit fund, Nidhi or mutual benefit fund or Society.

14. TRADING IN SHARES-COMPANY:

The company is not dealing or trading in shares, securities, debentures and other investments.

15. GUARANTEES:

The company has not given any guarantee for loans taken by others from Banks or Financial Institutions.

16. TERM LOANS - APPLICATION:

In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which they were obtained.

17. BORROWED FUNDS-USAGE:

On basis of an overall examination of the accounts of the company, no funds raised on short term basis have been used for long term investments.

18. PREFERENTIAL ALLOTMENT OF SHARES:

The company has not made any preferential allotment of shares to the parties covered in the register maintained under Section 301 of the Companies Act, 1956.

19. DEBENTURES:

The company has not issued any debentures during the year.

20. PUBLIC ISSUE:

In our opinion and according to the information and explanations given to us, the company has utilized the money (which is detailed in the notes) as raised in the public issue last year in February 2006 for the said purpose as specified in the offer document

21. FRAUD AND INTENTIONAL MISREPRESENTATION:

Based upon the audit procedures performed and on the basis of the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Place : Chennai
Date : 30th May, 2008

For M/s G.BALU ASSOCIATES
Chartered Accountants
RAJA GOPALAN. B
Partner
Membership.No.217187

BALANCE SHEET AS AT 31st MARCH 2008

	Schedules	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	10,62,00,000	10,62,00,000
Reserves & Surplus	2	112,17,84,524	80,64,89,480
		<u>122,79,84,524</u>	<u>91,26,89,480</u>
Loan Funds			
Secured Loans	3	13,50,06,119	4,50,00,000
Unsecured Loans	4	1,65,56,471	1,96,80,323
Deferred Tax Liability		<u>3,59,41,218</u>	<u>1,97,25,861</u>
		<u>141,54,88,332</u>	<u>99,70,95,664</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	92,19,49,676	45,73,84,512
Less : Depreciation		<u>9,06,89,344</u>	<u>7,47,76,878</u>
Net Block		<u>83,12,60,332</u>	<u>38,26,07,634</u>
Investments	6	<u>30,49,26,701</u>	<u>22,01,92,875</u>
Current Assets, Loans and Advances			
a. Current Assets	7	74,95,62,203	88,68,04,382
b. Loans & Advances		<u>49,00,78,112</u>	<u>24,94,50,122</u>
		<u>123,96,40,315</u>	<u>113,62,54,504</u>
Less : Current Liabilities and Provisions			
a. Current Liabilities	8	47,68,59,340	45,17,92,903
b. Provisions		<u>48,34,79,676</u>	<u>29,01,66,446</u>
		<u>96,03,39,016</u>	<u>74,19,59,349</u>
Net Current Assets(7-8)		<u>27,93,01,299</u>	<u>39,42,95,155</u>
		<u>141,54,88,332</u>	<u>99,70,95,664</u>
Notes to Accounts	18		

The Schedules referred to above and the statement on significant Accounting Policies form an integral part of the Balance Sheet.

As per our report of even date

for **G.BALU ASSOCIATES**
CHARTERED ACCOUNTANTS

RAJA GOPALAN. B
PARTNER
Membership No. 217187

Chennai
30th May, 2008.

V. BALASUBRAMANIAN
COMPANY SECRETARY

For and on behalf of the Board

P.E. SUBRAMANIAM
Chairman & Managing Director

P.S. JAGDISH
P.S. SHEKAR
K. KANNAN
A.P. MUTHUSWAMI

DIRECTORS

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedules	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
INCOME			
Gross Sales	9	227,94,48,241	187,93,22,065
Less: Levies		38,08,17,773	32,56,25,216
Net Sales		189,86,30,468	155,36,96,849
Other Income	10	3,58,46,965	3,22,44,709
Accretion to Stocks	11	3,71,77,759	—
		<u>197,16,55,192</u>	<u>158,59,41,558</u>
EXPENDITURE			
Raw Materials Consumed	12	117,08,89,405	99,44,27,627
Decretion to Stocks	11	—	1,67,06,534
Manufacturing Expenses	13	1,60,48,618	1,18,25,802
Employee Costs	14	6,79,45,528	5,28,20,608
Administrative Expenses	15	3,39,53,978	4,74,61,311
Selling & Other Expenses	16	7,04,71,062	4,02,43,885
Finance Charges	17	1,37,39,677	1,46,79,450
Depreciation		1,74,44,668	1,13,78,391
		<u>139,04,92,936</u>	<u>118,95,43,608</u>
Profit before taxation		58,11,62,256	39,63,97,950
Less : Provision for taxation			
– Current Year		17,40,00,000	13,00,00,000
– Deferred tax Liability		1,62,15,357	35,52,740
– Fringe benefit tax		7,64,037	7,20,939
Profit after taxation		39,01,82,862	26,21,24,271
Less: Provision for Income Tax of earlier Years		3,38,604	72,00,317
Add: Brought forward from Previous Year		33,07,83,678	18,17,71,635
Profit available for appropriation		72,06,27,936	43,66,95,589
Transfer To General Reserve		5,00,00,000	5,00,00,000
Proposed Dividend		6,37,20,000	4,77,90,000
Tax on proposed Dividend		1,08,29,214	81,21,911
Surplus carried to Balance Sheet		59,60,78,722	33,07,83,678
Weighted Average Number of Equity Shares of Rs.10/- each - outstanding during the year		1,06,20,000	1,06,20,000
Earnings per Share - Basic and Diluted (Rs.)		36.71	24.00

Note to Accounts 18

The Schedules referred to above and the statement on significant Accounting Policies form an integral part of the Profit and Loss Account.

As per our report of even date

for **G.BALU ASSOCIATES**
CHARTERED ACCOUNTANTS

RAJA GOPALAN. B
PARTNER
Membership No. 217187

Chennai
30th May, 2008.

V. BALASUBRAMANIAN
COMPANY SECRETARY

For and on behalf of the Board

P.E. SUBRAMANIAM
Chairman & Managing Director

P.S. JAGDISH
P.S. SHEKAR
K. KANNAN
A.P. MUTHUSWAMI

DIRECTORS

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2008

	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
1 SHARE CAPITAL		
Authorised		
1,53,00,000 (1,53,00,000) Equity Shares of Rs.10/-each	<u>15,30,00,000</u>	<u>15,30,00,000</u>
Issued, Subscribed & Paid-up		
1,06,20,000 (1,06,20,000) Equity Shares of Rs.10/-each, fully paid-up.	10,62,00,000	10,62,00,000
(i) Of the above 6,87,740 Equity Shares were allotted as fully paid-up for consideration other than Cash.		
(ii) Of the above 45,97,950 Equity Shares were allotted as fully paid by way of Bonus Shares.		
	<u><u>10,62,00,000</u></u>	<u><u>10,62,00,000</u></u>
2 RESERVES & SURPLUS		
a. Capital Reserve	92,19,605	92,19,605
b. Share Premium Account	37,58,48,190	37,58,48,190
c. State subsidy received	15,00,000	15,00,000
d. General Reserve	8,91,38,007	3,91,38,007
Add: Transfer from Profit & Loss A/C	<u>5,00,00,000</u>	<u>5,00,00,000</u>
	13,91,38,007	8,91,38,007
e. Surplus in Profit & Loss A/c	59,60,78,722	33,07,83,678
	<u><u>1,12,17,84,524</u></u>	<u><u>80,64,89,480</u></u>
3 SECURED LOANS		
Term Loan from Bank	13,50,06,119	4,50,00,000
	<u><u>13,50,06,119</u></u>	<u><u>4,50,00,000</u></u>
4 UNSECURED LOANS		
IFST Loan	1,46,61,571	1,63,53,823
Hire Purchase Loan	18,94,900	33,26,500
	<u><u>1,65,56,471</u></u>	<u><u>1,96,80,323</u></u>

5. FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	AS AT 01.04.07 Rs	ADDITIONS Rs	DELETIONS Rs	AS AT 31.03.08 Rs	FOR THE PERIOD Rs	DELETIONS Rs	AS AT 31.03.08 Rs	AS AT 31.03.07 Rs
Land	11,23,71,309	7,42,21,862	—	18,74,68,740	—	—	18,74,68,740	11,23,71,309
Buildings	7,97,82,954	26,45,09,701	—	34,34,17,086	39,97,223	—	1,74,78,675	6,63,01,502
Plant & Machinery	3,35,28,831	12,09,80,365	11,96,286	15,33,12,910	32,69,506	6,72,077	1,20,17,330	2,41,08,930
Testing Equipments	3,00,63,000	1,70,70,006	—	4,71,33,006	23,18,784	—	78,20,886	2,45,60,898
Material Handling Equipments	1,53,66,904	3,95,53,614	—	5,49,20,518	13,36,101	—	53,05,523	1,13,97,482
Tools, Jigs & Fixtures	18,36,926	4,71,755	—	23,08,681	1,36,818	—	11,42,537	8,31,207
Electrical Fittings & Equipments	2,23,34,839	1,76,92,843	75,446	3,99,52,236	14,00,004	21,119	65,68,081	1,71,45,643
Airconditioners & Refrigerators	19,06,493	14,95,139	—	34,01,632	1,07,027	—	4,13,245	16,00,275
Wind Electric Generator	1,94,62,334	—	—	1,94,62,334	9,24,461	—	1,15,74,724	88,12,071
Furniture, Fixtures & Fittings	95,60,806	1,01,51,190	—	1,97,11,996	6,91,707	—	29,52,141	73,00,372
Office Equipments	68,51,663	30,44,064	15,325	98,80,402	9,85,920	8,551	38,33,377	39,95,655
Vehicles*	2,28,53,344	40,22,316	15,24,908	2,53,50,752	22,77,116	8,30,454	65,82,825	1,77,17,181
Technical Know-how	1,50,00,000	—	—	1,50,00,000	—	—	1,50,00,000	—
TOTAL	37,09,19,403	55,32,12,855	28,11,965	92,13,20,293	1,74,44,667	15,32,201	9,06,89,344	29,61,42,525
Capital Work in Progress	8,64,65,109	6,29,383	8,64,65,109	6,29,383	—	—	—	8,64,65,109
Previous Year	45,73,84,512	55,38,42,238	8,92,77,074	92,19,49,676	1,74,44,667	15,32,201	9,06,89,344	38,26,07,634
	20,40,91,640	29,48,75,102	4,15,82,230	45,73,84,512	1,13,78,391	62,84,173	7,47,76,878	13,44,08,980

* Includes vehicles purchased under hire purchase scheme.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2008

	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
6 INVESTMENTS AT COST -(Non-Trade)		
– Current - un-quoted		
1,57,598.208 Units of Standard Chartered Institutional Income Fund of Rs. 1000.1000 each.	—	15,76,13,968
Fixed Maturity Plan in Standard Chartered Mutual Fund	—	1,21,02,507
13,47,189.54 units of Grindlays Floating Fund of Rs.10.0055 each.	1,34,79,305	—
50,00,000 Units of Kotak Mutual Fund of Rs. 10/- each	—	5,00,00,000
40,69,642.87 Units of Principal Liquid Plus Fund of Rs.10.02 each.	4,07,77,822	—
19,22,151.64 Units of HDFC Floating Rate Fund of Rs. 10.0809 each	1,93,77,018	—
29,80,323.47 Units of ICICI Prudential Fund of Rs. 10.5735 each	3,15,12,450	—
38,26,162.00 Units of ING Liquid Plus Fund of Rs. 10.0033 each	3,82,74,246	—
1,09,57,956.55 Units of LICMF Liquid Plus Fund of Rs. 10.0000 each	10,95,79,566	—
41,40,612.53 Units of JM Money Manager PLUS Fund of Rs. 10.0041 each	4,14,23,102	—
10024.65 Units of UTI Liquid Plus Fund of Rs. 1000.214 each	1,00,26,792	—
– Long Term - quoted		
600 Equity Shares of Indian Overseas Bank of Rs.10/- each	14,400	14,400
46,200 Equity Shares of King Chemicals Ltd of Rs.10/- each	4,62,000	4,62,000
Market Value[Rs. 81,060/- (Rs.61,650/-)]	30,49,26,701	22,01,92,875

Purchase and redemption of investments during the year are as under :

Description	ACQUISITION		REDEMPTION	
	NOS	COST (Rs)	NOS	VALUE (Rs)
ABN Amro Mutual Fund	27,50,000	2,75,00,000	27,89,843	2,78,98,610
Birla Interval Income Monthly Fund	20,56,761	2,05,67,613	20,69,551	2,06,95,506
Birla Sunlife Liquid Plus	62,74,808	6,50,00,000	63,32,928	6,55,79,450
Can Liquid Fund	65,73,050	6,60,00,000	57,54,575	6,66,78,888
DBS Chola Mutual Fund	19,96,725	2,00,00,000	20,02,327	2,00,56,105
DWS Insta Cash Plus Fund	9,70,780	1,00,00,000	10,08,605	1,01,00,873
HDFC Mutual Fund	1,10,11,599	13,50,00,000	1,13,23,961	11,75,11,283
ICICI Prudential Mutual Fund	69,61,144	8,25,00,000	71,52,556	5,26,23,692
ING Vysya Liquid Plus Fund	1,18,42,825	12,00,00,000	82,97,592	8,31,84,331
JM Financial Mutual Fund	44,92,856	4,50,00,000	4,99,795	50,00,000
Kotak Mutual Fund	—	—	51,22,172	5,11,22,172
Lotus India Mutual Fund	20,99,940	3,00,00,000	30,56,788	3,05,72,156
LIC MF Liquid Fund	1,32,05,709	14,50,00,000	37,50,000	3,75,00,000
Principal Floating Rate Fund	5,49,95,402	55,00,00,000	5,11,85,910	51,25,16,986
Reliance Liquid Fund	6,54,142	1,00,00,000	10,180	1,01,91,791
Sundaram BNP Paribas Liquid Fund	1,29,81,120	13,00,00,000	1,32,64,796	13,28,50,825
Standard Chartered Mutual Fund	66,45,930	61,60,30,290	7,49,55,379	77,97,43,621
SBI Mutual Fund	10,00,000	1,00,00,000	10,18,119	1,01,81,188
Templeton India TMA Mutual Fund	19,995	2,00,00,000	20,03,115	2,00,67,810
UTI Mutual Fund	9,809	1,00,00,000	—	—

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2008

	AS AT 31.03.2008 Rs.		AS AT 31.03.2007 Rs.	
7 CURRENT ASSETS, LOANS & ADVANCES				
a. Current Assets				
* Inventories				
Raw Materials	7,45,30,059		11,89,14,080	
Work in Progress	3,87,00,907		13,13,148	
Finished Goods	—		2,10,000	
Debtors(Unsecured, considered good)		11,32,30,966		12,04,37,228
i. Outstanding over 6 months	7,30,78,957		5,59,88,000	
ii. Others	41,18,82,510		37,01,34,631	
		48,49,61,467		42,61,22,631
Cash on Hand		4,55,861		3,24,944
Balance with Scheduled Banks				
– In Cash Credit Accounts		7,74,11,204		2,53,98,055
– In Current Accounts		15,94,001		26,39,316
– In Fixed Deposit Accounts		7,19,08,704		31,18,82,208
		74,95,62,203		88,68,04,382
* Certified by Management				
b. Loans & Advances				
Unsecured, considered good				
i. Advances recoverable in cash or in kind or for value to be received				
Advance Income Tax		39,41,88,419		21,13,67,217
Other Advances		8,65,20,842		2,69,91,723
ii. Deposits		93,68,851		1,10,91,182
		49,00,78,112		24,94,50,122
8 CURRENT LIABILITIES & PROVISIONS				
a. Current Liabilities				
Sundry Creditors				
Total outstanding dues to Small & Medium Enterprises	—		—	
Total outstanding dues to other than Small & Medium Enterprises	30,02,44,527		36,13,25,687	
		30,02,44,527		36,13,25,687
Other Liabilities		5,51,82,503		3,75,30,265
Due to Directors		1,81,14,272		1,23,97,574
Advances from Customers		4,93,12,616		3,57,79,445
Creditors for Capital goods		5,40,05,422		47,59,932
		47,68,59,340		45,17,92,903
b. Provisions				
Provision for Taxation		40,65,76,318		23,26,64,428
Provision for Fringe benefit tax		23,54,144		15,90,107
Proposed Dividend		6,37,20,000		4,77,90,000
Tax on Proposed Dividend		1,08,29,214		81,21,911
		48,34,79,676		29,01,66,446

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

	Year ended 31.03.2008 Rs.	Year ended 31.03.2007 Rs.
9 SALES		
Gross Sales	2,25,17,70,434	1,86,31,72,865
Labour & Other receipts	2,76,77,807	1,61,49,200
	<u>2,27,94,48,241</u>	<u>1,87,93,22,065</u>
Less: Levies		
Excise duty	29,00,00,140	24,93,69,439
Sales Tax	8,22,86,783	7,07,89,484
Education Cess	85,30,850	54,66,293
	<u>38,08,17,773</u>	<u>32,56,25,216</u>
	<u>1,89,86,30,468</u>	<u>1,55,36,96,849</u>
10 OTHER INCOME		
Income from Power Generation	16,34,202	18,42,300
Interest receipts	80,01,552	2,38,59,563
Dividend received from Mutual Funds	2,62,11,211	65,42,846
	<u>3,58,46,965</u>	<u>3,22,44,709</u>
11 ACCRETION/(DECRETION) TO WORK IN PROGRESS & FINISHED GOODS		
Work in Progress :		
a. Closing balance	3,87,00,907	13,13,148
b. Opening balance	13,13,148	1,82,29,682
	<u>3,73,87,759</u>	<u>-1,69,16,534</u>
Finished Goods :		
a. Closing balance	-	2,10,000
b. Opening balance	2,10,000	-
	<u>-2,10,000</u>	<u>2,10,000</u>
	<u>3,71,77,759</u>	<u>-1,67,06,534</u>
12 RAW MATERIALS CONSUMED		
Opening Stock	11,89,14,080	10,65,31,106
Add: Purchases	112,65,05,384	100,68,10,601
	<u>124,54,19,464</u>	<u>111,33,41,707</u>
Less : Closing Stock	7,45,30,059	11,89,14,080
	<u>117,08,89,405</u>	<u>99,44,27,627</u>

18. NOTES TO ACCOUNTS**01) Statement on Significant Accounting Policies****a. Basis of Preparation**

The financial statements have been prepared under the accrual method of accounting on a going concern basis and statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP).

b. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

Capital Work in Progress comprises advances paid to acquire fixed assets and the cost of fixed assets not ready for their intended use.

c. Depreciation

Depreciation is provided on straight-line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

d. Impairment of Assets :

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.

e. Valuation of Inventories

Inventories are valued at lower of cost or net realizable value using the following cost formula.

- i) Raw materials, Stores and spares – Weighted Average method.
- ii) Finished Goods and Work in progress – Material cost plus appropriate share of manufacturing overheads.

f. Investments

Investments are stated at cost. Provision for diminution in value on long-term investments is made only if such decline is other than temporary in nature.

g. Revenue Recognition

Sale of goods is recognized at the point of dispatch to the customers. Gross Sales are accounted inclusive of excise duty and sales tax.

h. Expenses

All expenses booked on accrual basis. Any deduction by customers on account of contractual deductions is worked out in each year and debited to Profit & Loss A/c.

i. Retirement Benefits & Leave Encashment.

Gratuity to Employees and contribution towards superannuation are covered under the Employees Group Gratuity/ Superannuation Scheme and the premium is paid on the basis of their actuarial valuation. Any shortfall in case of premature termination / resignation to the extent not reimbursed by LIC is being absorbed in the year of payment.

Liability towards leave encashment is accounted on accrual basis.

j. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account.

Non monetary assets and liabilities are translated at the rate prevailing on the date of transaction.

Gain or loss on forward exchange contract is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward exchange rate available at the reporting date for the remaining maturity of the contract and the contracted forwarded rate (or the forward rate last used to measure a gain or loss that contract for an earlier period), is recognized in the profit and loss account of the period/year.

Gain/Loss on settlement of transaction arising on cancellation or renewal of a forward exchange contract is recognized as income or as expense of the period/year.

k. Income Tax

Provision for Current Income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Fringe Benefit Tax (FBT) has been provided in accordance with provisions of the Income Tax Act.

I. Cash Flow Statements

Indirect Method was used to draw the cash flow statement.

02) Secured Loans

- a) Working capital facilities from Bank of Baroda, State Bank of India, Standard Chartered Bank and Citi Bank NA are primarily secured by hypothecation of inventories, book debts and are collaterally secured by paripassu charge on Land, Factory Buildings and Plant & Machinery of the Company and further secured by second charge on paripassu basis on Plant & Machinery, Buildings and 9.16 acres Land at Kancheepuram.

Working Capital facilities from The Honkong and Shanghai Bank Corporation Limited are secured by pari passu charge with other banks on all movable fixed assets, immovable fixed assets & current assets.

- b) Term Loan from Standard Chartered Bank is secured by first and exclusive charge on Plant & Machinery, Buildings and 9.16 acres Land at Kancheepuram.

03) Interest free sales tax deferment shown under unsecured loans is repayable in instalments upto September 2012.

04) Utilization of Public Issue Funds

(Rs. in Lakhs)

Particulars	Estimated as per IPO	Actuals as on 31.03.08
Share issue expenses	307.40	211.48
Re-location and modernization of Saidapet Plant to a New Distribution Transformer Plant at Thirumazhisai	750.00	628.38
Power Transformer Plant at Kancheepuram	3060.00	5553.07
Dry-type Transformer Plant at Thirumazhisai	200.00	95.40
Working Capital requirements	340.00	—
TOTAL	4657.40	6488.33

The excess in actual expenditure was on account of increasing the enabling capacity in new Power Transformer Plant at Kancheepuram plant from originally estimated 2400 MVA to 4000 MVA and this was mainly met out of internal accruals and additional term loan of Rs.5.34.crores

- 05) The balance of advances, debtors and creditors are taken on the basis of book figures and are subject to confirmation. However, in the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The provision made in the accounts for depreciation and for all other known liabilities is considered adequate and not in excess of the amounts reasonably necessary.
- 06) Fixed deposits in Banks include Rs.6,49,23,900/- (Rs.7,11,02,507/-) lien marked towards margin for the guarantees and letter of credit issued by the Banks.
- 07) Estimated amount of contracts remaining to be executed on capital accounts not provided for is Rs. 252.96 Lakhs.(2412.69 Lakhs)
- 08) Un-expired portion of lease rent for the assets taken on lease amounts to Rs.3,78,000 (Rs.3,78,000). The Lease agreement expires on 14th July, 2008.

09) Managerial Remuneration

Particulars	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
Salary	31,60,000	28,30,000
Perquisites	9,27,525	7,58,893
Commission	1,81,14,272	1,23,97,574
	2,22,01,797	1,59,86,467

Calculation of Managerial remuneration as per Section 198 read with Schedule XIII of the Companies Act, 1956.

	Rs.	Rs.
Profit after Tax	39,01,82,862	26,21,24,271
Add: Provision for Taxation	17,40,00,000	13,00,00,000
Deferred Tax liability	1,62,15,357	35,52,740
Fringe Benefit Tax	7,64,037	7,20,939
Managerial Remuneration	2,22,01,797	159,86,467
Loss on Sale of Assets(net)	4,45,029	3,74,931
Loss on Discarded Assets(net)	–	4,93,135
Profit on which commission is payable	60,38,09,082	41,32,52,483
Commission @ 1% each to Managing and Whole time Directors.	1,81,14,272	1,23,97,574

10) Employee benefits:**Defined contribution plan:**

Contribution to defined contribution plans are charged in the Profit & loss Account for the year :

	As at 31.03.08 Rs.	As at 31.03.07 Rs.
Employer's Contribution to Provident Fund	36,20,838	28,91,878
Employer's Contribution to Gratuity Scheme	6,78,002	13,48,417
Employer's Contribution to Superannuation Scheme	5,80,020	4,55,626

Defined Benefit Plan :

The employees Gratuity fund scheme managed by Life Insurance Corporation of India is a defined Benefit plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit method which recognizes each period of service as giving raise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

11) Quantitative Information

	As at 31 st March, 2008		As at 31 st March, 2007	
a. Capacities & Production	N.A.		N.A.	
i) Licensed Capacity	74,50,000 KVA per annum (7450 MVA)*		33,50,000 KVA per annum (3350 MVA)	
ii) Installed Capacity (Assorted sizes)	27,83,900 KVA (1325Nos)**		22,98,965 KVA (1863 Nos)	
iii) Actual Production	Qty	Value (Rs.)	Qty	Value (Rs.)
b. Details of				
Closing Stock of Finished Goods	–	–	1 No.	2,10,000
Opening Stock of Finished Goods	1 No.	2,10,000	–	–
c. Net Sales	1325 (Nos.)	189,86,30,468	1862 (Nos.)	155,36,96,849
d. Details of Raw Materials consumed				
i) Ferrous Materials	33,42,782 (Kgs)	50,14,95,803	35,20,351 (Kgs)	43,12,56,315
ii) Non – Ferrous Materials	10,61,697 (Kgs)	35,74,13,904	9,88,919 (Kgs)	31,28,60,637
iii) Transformer Oil	24,67,137 (Ltrs.)	8,12,78,687	20,35,513 (Ltrs.)	7,46,85,329
iv) Others	–	23,07,01,011	–	17,56,25,346
		117,08,89,405		99,44,27,627

* The capacity has been increased effective from 8th February 2008 on account of Large Power Transformer Plant at Kancheepuram.

** Though there is a decrease in Production in quantity of transformers compared to last year, the value of sales has gone up on account of manufacture of high capacity/range of transformers.

	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
12) Value of Imports on CIF Basis		
Raw Materials	2,88,29,585	2,09,07,669
Capital goods	2,85,90,275	1,19,64,388
13) Earnings in foreign exchange		
FOB Value of exports	–	8,85,484
14) Expenditure in Foreign Currency		
Foreign Travel	12,31,816	7,50,992
Spares for Machinery	3,14,882	–
15) Value and Percentage of Consumption of Imported and Indigenous Raw Materials and Components		
(a) Value of Imported and Indigenous Raw materials consumed		
Imported	62,68,096	2,47,07,583
Indigenous	116,46,21,309	96,97,20,044
	<u>117,08,89,405</u>	<u>99,44,27,627</u>
(b) Percentage of total consumption (%)		
Imported	0.54	2.49
Indigenous	99.46	97.51

16) The Company does not have any reportable segments as required to be disclosed.

17) As required by the standard, the computations of basic and diluted EPS are as follows:-

Details	Unit	2007-08	2006-07
a. Amount used as Numerator is Profit after Taxation	Rs.	38,98,44,258	25,49,23,954
b. Weighted Average Number of Equity Share used as the denominator	Nos	1,06,20,000	1,06,20,000
c. Nominal Value of Shares	Rs.	10	10
d. Earnings per Share (Basic/diluted)	In Rupees	36.71	24.00

18) Contingent liabilities not provided in respect of :-

S.No	Particulars	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
1.	Bank Guarantees issued	42,69,74,699	30,55,02,274
2.	Disputed sales tax against which appeal is pending with various authorities in different years.	11,67,247	15,59,777
3.	Disputed Interest & Penalty on excise duty against which appeal is pending with Appellate Authority Financial Year 2005-06	31,61,743	–
4.	Disputed Demand of Service Tax, Interest & Penalty on GTA services against which appeal is pending with Appellate Authority Financial Year 2006-07	1,59,253	–
5.	Disputed Customs Duty against which appeal is pending with Appellate Authority Financial Year 2005-06	14,17,317	–
6.	Disputed Income Tax against which appeal is pending with various authorities Assessment Year 2003-04	9,43,764	142,75,575 *
7.	Labour case pending in the court	1,11,812***	5,06,354**

* Order received for Rs.1,31,42,189 in our favour against CIT (Appeals).

** Settlement has been made and the case is disposed off in full.

*** The Company has obtained a stay order from the Hon'ble Madras High Court against the award of labour court allowing an incentive amount of Rs. 1,11,812 against demand by the labour union for Rs.2,65,316.

19) Related party disclosures

As identified by the company and relied upon, the related parties are as follows:-

Name of the related party	Relationship
Key Management Personnel	
Mr. P.E. Subramaniam	Chairman & Managing Director
Mr. P.S. Jagdish	Executive Director
Mr. P.S. Shekar	Director – Operations

Associate Firm

Sivasakthi Engineering and Fabricators

Description of amounts with respect to related parties:

Nature of Transactions		As on 31.03.2008		As on 31.03.2007	
		Associate Firm	Key management Personnel	Associate Firm	Key management Personnel
1	Rent paid	24,000	14,40,000	24,000	14,40,000
2	Advances refunded	-	-	-	50,00,000
3	Managerial remuneration	-	2,22,01,797	-	1,59,86,467
4	Commission payable to Directors as on 31.03.2008	-	1,81,14,272	-	1,23,97,574

20) Additions to the fixed assets during the year includes

Particulars	Amount (Rs.)
Expenses allocated	91,97,968
Interest on Term Loan	68,44,816

21) Deferred tax liability represents timing difference on the account of depreciation difference.

Deferred tax liability:

Depreciation difference	359.41	197.26
Deferred tax asset	-	-
	<u>359.41</u>	<u>197.26</u>

22) Sundry Creditors:

Micro, Small and Medium Enterprises under the Micro, Small & Medium Enterprises Development (MSMED) Act 2006.

Based on the information available with the company there was no creditors as on 31st March 2008 who had registered under MSMED Act.

23) Schedules 1 to 18 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

24) Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

As per our report of even date

for **G.BALU ASSOCIATES**
CHARTERED ACCOUNTANTS

RAJA GOPALAN. B
PARTNER
Membership No. 217187

Chennai
30th May, 2008.

V. BALASUBRAMANIAN
COMPANY SECRETARY

For and on behalf of the Board

P.E. SUBRAMANIAM
Chairman & Managing Director

P.S. JAGDISH
P.S. SHEKAR
K. KANNAN
A.P. MUTHUSWAMI

— DIRECTORS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax as per Profit & Loss Account	58,11,62,256	39,63,97,950
Adjustments for :		
Depreciation	1,74,44,668	1,13,78,391
Interest Income	-80,01,552	-2,38,59,563
Dividend received	-2,62,11,211	-65,42,846
Interest expenses	<u>1,37,39,677</u>	<u>1,46,79,450</u>
	57,81,33,838	39,20,53,382
Operating Profit before Working Capital Changes		
Adjusted for :		
Trade & Other Receivables	-5,88,38,836	-19,99,53,174
Inventories	72,06,262	43,23,560
Loans&Advances	-5,83,98,401	2,02,05,950
Trade & Other Payables	<u>2,50,66,437</u>	<u>10,61,31,535</u>
Cash generated from Operations	49,31,69,300	32,27,61,253
Income Tax Paid	<u>-18,22,29,589</u>	<u>-13,16,66,833</u>
	31,09,39,711	19,10,94,420
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-46,73,58,814	-26,15,65,584
Sale of Fixed Assets	8,34,734	19,88,539
Purchase of Investments	-30,44,50,301	-21,97,16,475
Sale of Investments	21,97,16,475	11,29,93,724
Other Loans	-31,23,852	-5,86,207
Interest Income	80,01,552	2,38,59,563
Dividend received	<u>2,62,11,211</u>	<u>65,42,846</u>
Net Cash Used In Investing Activities	-52,01,68,995	-33,64,83,594
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Procurement of Term Loan	9,00,06,119	4,50,00,000
Interest Paid	-1,37,39,677	1,46,79,450
Dividend Paid	<u>-5,59,11,911</u>	<u>2,03,54,531</u>
Net Cash from Financing Activities	-18,88,74,753	61,01,640
D. Net Increase/(Decrease) in Cash & Cash Equivalents:		
Opening Balance of Cash and Cash equivalents	34,02,44,523	47,95,32,057
Closing Balance of Cash and Cash equivalents	15,13,69,770	34,02,44,523

Note : The above statement has been prepared in indirect method as described in AS - 3 issued by ICAI.

As per our report of even date

for **G.BALU ASSOCIATES**
CHARTERED ACCOUNTANTS

RAJA GOPALAN. B
PARTNER
Membership No. 217187

Chennai
30th May, 2008.

V. BALASUBRAMANIAM
COMPANY SECRETARY

For and on behalf of the Board

P.E. SUBRAMANIAM
Chairman & Managing Director

P.S. JAGDISH
P.S. SHEKAR
K. KANNAN
A.P. MUTHUSWAMI

— DIRECTORS

Balance Sheet Abstract and Company's General Business Profile
Information as required under Part IV of the Schedule VI of the Companies Act, 1956.

I. Registration details

Registration No.	<input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/>	State Code	<input type="text" value="1"/> <input type="text" value="8"/>
Balance Sheet Date	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="8"/>		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Rights Issue	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Bonus Issue	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Private Placement	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
		Others	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="8"/>	Total Assets	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="8"/>
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Sources of Funds

Paid-up Capital	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves and Surplus	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="5"/>
Secured Loans	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="6"/>	Unsecured Loans	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="6"/>
Deferred Tax Liability	<input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/>		

Application of Funds

Net Fixed Assets	<input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="0"/>	Investments	<input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="7"/>
Net Current Assets	<input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="1"/>	Miscellaneous Expenditure	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Accumulated Losses	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>		

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover (Gross)	<input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="8"/>	Total Expenditure	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="3"/>
Profit / Loss Before Tax (+/-) +	<input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="2"/>	Profit / Loss After Tax (+/-) +	<input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="2"/>
Earnings per Share (Rs.P)	<input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="1"/>	Dividend Rate %	<input type="text" value="6"/> <input type="text" value="0"/>

V. Generic Names of Four Principal Products / Services of Company
(as per Monetary terms)

Item Code No. (ITC Code)	Product Description
<input type="text" value="-"/>	<input type="text" value="Power & Distribution Transformers"/>
<input type="text" value="-"/>	<input type="text" value="Furnace & Other Special Transformers"/>
<input type="text" value="-"/>	<input type="text" value="Amorphous Metal Core Distribution Transformers"/>
<input type="text" value="-"/>	<input type="text" value="Fail Safe Distribution Transformers & Rural Area Distribution Automation & Control Systems."/>

* Generic codes are not allotted to the products manufactured.

ECS REQUEST FORM

REF. FOLIO NO. /DP ID & CLIENT ID

SR. NO.		
E-mail ID		
Telephone No.	STD Code	Tel. No.

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup West
Mumbai 400 078.

UNIT : INDO TECH TRANSFORMERS LIMITED

This has reference to payment of dividend through electronic clearing service

The bank details to be registered against the captioned folio are as given below:

FOLIO NO. / DP ID & CLIENT ID :

NAME (S) OF THE HOLDERS (S) :

NAME & ADDRESS OF THE BANK BRANCH :

ACCONT TYPE : SAVINGS CURRENT CASH CREDIT

ACCOUNT NO. :

We request you to kindly

(Please Tick [✓] for the facility you OPT)

- Mail the warrant directly to the bank.
- Mail the warrant at my registered address with the bank particulars incorporated
- Directly credit to the account through Electronic Clearing System (ECS).

If opted for ECS, kindly provide the following information.

9 DIGIT CODE NUMBER OF THE BANK AND BRANCH AS

--	--	--	--	--	--	--	--	--

APPEARING ON THE MICR CHEQUE ISSUED BY THE BANK

LEDGER FOLIO NO. (IF ANY) OF YOUR BANK ACCOUNT
(in case you have opted for ECS, affix photocopy of your cheque here)

I hereby declare that the particulars given are correct and complete. If the payment transaction through ECS is delayed or not effected at all for any reasons, I would not hold the company responsible.

Date _____

Signature of the first holder

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Company will be held at Pleasant Days Resort, Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103 on Wednesday the 30th July, 2008 at 11.30 AM to transact the following business:-

Ordinary Business :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. K. Kannan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board

Chennai
30th May, 2008

V. Balasubramanian
Company Secretary

NOTES:

1. The Register of members of the Company will remain closed from 14th July, 2008 to 30th July, 2008, both days inclusive.
2. 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.
3. Dividend, if declared at the Annual General Meeting, will be paid within 30 days thereof to those members whose names appear on the Register of Members of the Company after giving effect to the valid transfers in respect of the shares lodged with the Company on or before the close of business hours on 13th July, 2008 or to their mandatees. The dividend in respect of shares held in electronic form would be payable to the beneficial owners of shares recorded with the depositories on or before the close of business hours on 13th July, 2008 as per details furnished by the Depositories for the purpose.
4. Securities and Exchange Board of India (SEBI) vide their circular dated October 15, 2001, has made it mandatory for all Companies to use the Bank Account details furnished by the Shareholders for distributing dividend through Electronic Clearing Service (ECS) wherever ECS and Bank details are available. In the absence of ECS facility being made available for any reason, the Companies are required to print the bank account details, on the payment instrument for distribution of dividend to the investors. Shareholders holding shares in physical form are requested to notify their bank details giving the name of the bank, the branch, the account number and type and also any change of address to the Company's Registrar and Share Transfer Agent, Intime Spectrum Registry Limited. In case the holdings are in electronic form, the said details should be conveyed to their Depository Participant. Shareholders who wish to avail the ECS facility offered by the Company should in addition to the aforesaid bank details also furnish their Bank Branch Code to the Registrar's/Depository Participant. The format of the request in this regard to be submitted to the Registrar, Intime Spectrum Registry Limited, is enclosed.
5. The Bank particulars of the Shareholders recorded with the Depository Participant as on the book closure date, the data of which will be received through Depositories will be used by the Company for printing on the dividend warrants. This would ensure that the dividend warrants cannot be deposited in any account other than the one specified on the warrants. For safety and in the interest of the shareholders, it is important that bank account details are correctly provided to the Depository Participants. The bank details (mandate) for shares held in physical form will not be applicable/applied for shares held in electronic form and vice versa.

By Order of the Board

Chennai
30th May, 2008

V. Balasubramanian
Company Secretary

INDO TECH TRANSFORMERS LIMITED

Registered Office : DP-36 SIDCO Industrial Estate, Thirumazhisai, Chennai – 602 107.

PROXY

No. of Shares held : Regd. Folio No. :
(if not Dematerialised)

DP ID No. : Client ID No. :
(if Dematerialised) (if Dematerialised)

I/We _____ of _____
_____ being a Member / Members of Indo Tech Transformers Limited,
hereby appoint _____ of _____
_____ or failing him / her
_____ of _____
_____ or failing him / her _____ of _____
_____ as my / our Proxy

to vote for me / us and on my/our behalf at the 16th Annual General Meeting of the Company to be held on Wednesday, the 30th July, 2008 at 11.30 A.M. at Pleasant Days (Resort), Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103, and at any adjournment thereof.

Signed this _____ day of _____ 2008

**Please
affix
Revenue
Stamp**

Signature

Note: An instrument appointing a Proxy shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting. A proxy need not be a member of the Company.

INDO TECH TRANSFORMERS LIMITED

Registered Office : DP-36 SIDCO Industrial Estate, Thirumazhisai, Chennai – 602 107.

ATTENDANCE SLIP-CUM-ENTRY PASS

(PLEASE FILL IN THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL)

Name and address of the Shareholder : _____

No. of Shares held : Regd. Folio No. :
(if not Dematerialised)

DP ID No. : Client ID No. :
(if Dematerialised) (if Dematerialised)

I hereby record my presence at the 16th Annual General Meeting of the Company held on Wednesday, the 30th July, 2008 at 11.30 A.M. at Pleasant Days (Resort), Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103.

* Strike out whichever is not applicable.