



Annual Report 2013 - 14

INDO TECH TRANSFORMERS LIMITED



Annual General Meeting on
Tuesday, the 5th August 2014
At Pleasant Days (Resort),
At 2.00 P.M.

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Board of Directors

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

Chief Financial Officer & Company Secretary

D Alwan

Auditors

B S R and Co

Registered Office

DP:36, SIDCO Industrial Estate
Thirumazhisai
Chennai 600 124

Works

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

Registrars

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

Bankers

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

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Company will be held at Pleasant Days Resort, Chennai-Bangalore Highway, Palanjur, Sembarambakkam, Chennai-602 103 on Tuesday, 5th August, 2014 at 2:00 PM to transact the following business:-

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year (nine months period) ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Manuel Hernandez Bravo, who retires by rotation, being eligible offers himself for re-appointment.
3. To re-appoint M/s B S R & Co. LLP. Chartered Accountants, as Auditors of the company and to authorize the Board of Directors to fix their remuneration.

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and qualifications of Directors) Rules 2014 (including any statutory modifications or re-enactment thereof for the time-being in force), Mr. Ajay Kumar Dhagat (DIN: 00250792) who was appointed as Director of the Company, not liable to retire by rotation, now, be and hereby shall be liable to retire by rotation.

RESOLVED FURTHER THAT Mr. Luis Carlos Silveyra, Director and Mr. Dhiraj Narula, CFO be and are hereby severally authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution.”

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

“RESOLVED THAT Mr. Manuel Hernandez Bravo was re-designated as Director of the Company in the Board Meeting held on 30th May 2014 and shall be liable to retire by rotation.”

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

“RESOLVED that pursuant to the provisions of Section 149, 150,152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification thereof for the time being in force) read with Schedule IV to the Companies Act 2013, Mr. Arun Kumar Srivastava (holding DIN 00006985) Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of

Director, be and is hereby re-appointed as an independent Director of the Company to hold office for the period of five consecutive years with effect from 05th August 2014

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

“RESOLVED that pursuant to the provisions of Section 149, 150,152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification thereof for the time being in force) read with Schedule IV to the Companies Act 2013, Mr. Milagiripattu Sundaravaradan Srinivasan (holding DIN 00261201) Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby Re-appointed as an independent Director of the Company to hold office for the period of five consecutive years with effect from 05th August 2014

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

“RESOLVED that pursuant to the provisions of Section 149, 150,152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification thereof for the time being in force) read with Schedule IV to the Companies Act 2013, Mr. Arun Kumar Bhalla (holding DIN 02073637) Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby Re-appointed as an independent Director of the Company to hold office for the period of five consecutive years with effect from 05th August 2014

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

“RESOLVED THAT pursuant to provisions of Section 196 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded for the appointment of Mr Shridhar Gokhale as Manager of the Company with effect from 30th May 2014 for a period of five years with such remuneration as set out in the explanatory statement provided that the total remuneration (including all perquisites) shall not exceed the ceiling limit as provided in Part II of Schedule V of the Companies Act, 2013.”

For and on behalf of the Board

Place: Chennai
Date: 30th May 2014

**Indo-Tech Transformers Limited
Director**

Notes:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b. The Instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
- c. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business to be transacted at the meeting, is annexed hereto.
- d. The Register of members of the Company will remain closed from 28th July 2014 to 05th August 2014, both days inclusive.
- e. The members holding shares in the dematerialized mode are requested to intimate all changes with respect to their address, bank details, mandate, nomination, power of attorney, etc. to their depository participant (DP). These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to members.
- f. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively) has undertaken a Green Initiative in Corporate Governance and allowed Companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email addresses for the said purpose. Hence Members are requested to register their e-mail addresses with the Company by sending their details relating to name, folio no./DP Id/Client Id to the company's email ID.
- g. Information pursuant to Clause 49 of the Listing Agreement for reappointment of Directors:

1	Name of the Director	Mr. Ajay Kumar Dhagat	Mr Manuel Hernandez Bravo
A	Age	69 years	43 years
B	Date of appointment	10/08/2012	07/03/2013
C	Qualification	B.E. Electrical	M.E., PGDM
D	Experience	Industry management experience	Industry management experience
E	No. of shares as on 31 st March 2014	NIL	NIL
F	Directorship in other public companies	NIL	NIL
G	Chairman/Member of Committees of Companies	Member of Shareholder Grievance Committee	Member of Shareholder Grievance Committee

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 4:**

Mr. Ajay Kumar Dhagat aged 69 years is holding directorship on the Board of Directors of the Company since 2012. During his appointment, he was not liable to retire by rotation. But now the members proposed his candidature to be liable to retire by rotation.

Except Mr. Ajay Kumar Dhagat, none of the Directors and Key Managerial personnel of the company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at item No. 4

Item No. 5:

Mr. Manuel Hernandez Bravo aged 43 years is holding directorship on the Board of Directors of the Company from 2013. He was appointed as a Whole-time Director on 07th March 2013. In the Board Meeting held on 30th May 2014, he was re-designated as Director of the Company and shall be liable to retire by rotation.

Except Mr. Manuel Hernandez Bravo, none of the Directors and Key Managerial personnel of the company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at item No. 5

Item No. 6:

Mr. Arun Kumar Srivastava aged 66 years is holding directorship on the Board of Directors of the Company since 2009. He has more than 38 years of industry experience and was associated with Essar Power Limited as Managing Director and CEO. Prior to this, he was with National Thermal power Corporation Limited.

In terms of section 149 and any other applicable provisions of the Companies Act 2013 Mr. Arun Kumar Srivastava, being eligible offers himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 05th August 2014. A notice has been received from a member proposing Mr. Arun Kumar Srivastava as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Arun Kumar Srivastava fulfills the conditions specified in the Companies Act 2013 and the Rules made there under for his appointment as an Independent director of the company and independent of the management. Copy of the draft letter for appointment of Mr. Arun Kumar Srivastava as Independent director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day

The Board considers that his continued association would be of benefit to the Company and it is desirable to continue to avail services of Mr. Arun Kumar Srivastava as an Independent Director. Accordingly the board recommends the resolution to appointment of Mr. Arun Kumar Srivastava as an independent director, for the approvals by the shareholders of the company

Except Mr. Arun Kumar Srivastava, being an appointee, none of the Directors and Key Managerial personnel of the company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at item No. 6

Item No. 7:

Mr. Milagripattu Sundaravaradan Srinivasan aged 65 years is holding directorship on the Board of Directors of the Company from 2009. He has more than 2 decades of industry experience at senior levels in various ministries.

In terms of section 149 and any other applicable provisions of the Companies Act 2013 Mr. Milagripattu Sundaravaradan Srinivasan, being eligible offers himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 05th August 2014. A notice has been received from a member proposing Mr. Milagripattu Sundaravaradan Srinivasan as a candidate for the office of Director of the Company

In the opinion of the Board, Mr. Milagripattu Sundaravaradan Srinivasan fulfills the conditions specified in the Companies Act 2013 and the Rules made there under for his appointment as an independent director of the company and independent of the management. Copy of the draft letter for appointment of Mr. Milagripattu Sundaravaradan Srinivasan as Independent director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day

The Board considers that his continued association would be of benefit to the Company and it is desirable to continue to avail services of Mr. Milagripattu Sundaravaradan Srinivasan as an Independent Director. Accordingly the board recommends the resolution to appointment of Mr. Milagripattu Sundaravaradan Srinivasan as an independent director, for the approvals by the shareholders of the company

Except Mr. Milagripattu Sundaravaradan Srinivasan, being an appointee, none of the Directors and Key Managerial personnel of the company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at item No. 7

Item No. 8:

Mr. Arun Kumar Bhalla aged 63 years is holding directorship on the Board of Directors of the Company from 2009. He has more than 2 decades of industry experience at senior levels in various ministries.

In terms of section 149 and any other applicable provisions of the Companies Act 2013 Mr. Arun Kumar Bhalla, being eligible offers himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 05th August 2014. A notice has been received from a member proposing Mr. Arun Kumar Bhalla as a candidate for the office of Director of the Company

In the opinion of the Board, Mr. Arun Kumar Bhalla fulfills the conditions specified in the Companies Act 2013 and the rules made there under for his appointment as an independent director of the company and independent of the management. Copy of the draft letter for appointment of Mr. Arun Kumar Bhalla as Independent director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day

The Board considers that his continued association would be of benefit to the Company and it is desirable to continue to avail services of Mr. Arun Kumar Bhalla as an Independent Director. Accordingly the board recommends the resolution to appointment of Mr. Arun Kumar Bhalla as an Independent director, for the approvals by the shareholders of the company

Except Mr. Arun Kumar Bhalla, being an appointee, none of the Directors and Key Managerial personnel of the company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at item No. 8

Item No. 9:

In the Board meeting held on 30th May 2014, Board had appointed Mr Shridhar Gokhale, Operations Manager as Manager of the Company under Companies Act 2013. Mr Shridhar Gokhale, aged 45 years, has decades of industry experience at various levels of responsibilities in the areas of Project Management, Maintenance, Services, Engineering, Business Development & Planning, Logistics, Operations and General Management

Considering the experience and professional expertise of Mr Shridhar Gokhale, the Board has appointed him as Manager of the Company, on the following terms and conditions, in its meeting held on 30th May 2014, subject to approval of shareholders in this annual general meeting:

- a. Term of appointment is 5 years with effect from 30th May 2014.
- b. A consolidated salary shall be payable as remuneration in terms of the provisions of section 197 read with Schedule V of the Companies Act 2013. The term fixed for payment of remuneration shall be for a period not exceeding three years as prescribed under Schedule V of the Companies Act, 2013.

Copy of documents pertaining to appointment and payment of remuneration of Mr. Shridhar Gokhale as Manager setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Except Mr. Shridhar Gokhale, none of the Directors and Key Managerial personnel of the company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at item No. 9

**For and on behalf of the Board
Indo-Tech Transformers Limited**

Place : Chennai
Date : 30th May 2014

Director

DIRECTORS' REPORT

Your Directors present the 22nd 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 (9 months period) ended 31st March, 2014.

FINANCIAL RESULTS

The Company had extended its financial year 2012- 13 for a period of 15 months and accordingly the figures for the current period under review is for a period of 9 months ended on March 31, 2014 and hence not comparable with last year's figures.

Your Company has recorded a loss of ₹ 1,880 lakhs for the year.

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

(Rupees in Lakhs)

Particulars	Year ended 31st March 2014	Year ended 30 th June 2013
INCOME	9 Months	15 Months
Gross Sales & Other Income	11,400.38	12,494.95
Gross Profit/(Loss) before depreciation & tax	(1,581.48)	(4,514.21)
Depreciation	298.55	503.53
Profit/(Loss) before tax	(1,880.03)	(5,017.74)
Provision for Taxes	--	--
Prior period / Extraordinary items	--	--
Balance of profit of earlier years	(4,327.51)	690.24
Balance available for appropriation	(6,207.55)	(4,327.51)
APPROPRIATIONS		
General Reserve	--	--
Dividend	--	--
Tax on Dividend	--	--
Balance carried to Balance Sheet	(6,207.55)	(4,327.51)

No Dividend has been recommended by the Board of Directors of the Company for Financial Year 2013-14 (9 Months). However, the register of members and share transfer books will remain closed from 28th July 2014 to 5th August 2014 both days inclusive.

EXTENSION OF PERIOD OF FINANCIAL YEAR AND ANNUAL GENERAL MEETING

The members are appraised that the previous financial year of your Company was extended by 3 months and therefore, the financial year for year 2012-13 ended on 30th June, 2013. Consequently the current year Financial Statements are for nine months period.

OPERATIONS AND PERFORMANCE

In the year under review, though margin pressures have increased, the enquiry levels have started picking up during the current financial year as indicated by improved order backlog of ₹ 203 crores. Also, increase in large power transformers' share should improve our performance in the coming year.

Your company's acceptability has also improved in market as our value story of compliant transformers was received well by the customers. Our observation is that customers are aware of non-compliance and are eager to change as some customers have modified their specifications post our technical presentations but still, unfortunately, some in industry continue to find ways to quote unviable prices and supply non-compliant transformers.

GE's presence in wind segment should help us in coming years and we have also been successful in getting multiple quantity orders in wind segments. Exports were impacted due to slowdown in our export markets but we expect improvements as we can see higher enquiry levels in Bangladesh market.

Since industry suffered during the last 3 years, in order to cut losses, we expect some capacity reduction to take place along with some improvement in price level that should help us to increase prices by 1-2%.

Your company's performance was better than previous years as we have been able to cut down on our losses. We have also initiated lot of cost reduction measures through which we have reduced our staff (12%), transportation cost (31%) and power and fuel costs (24%). Your company has also released significant old inventory from the books and also pursued customers with long pending dues that has resulted in releasing cash into the business.

Overall, we expect improvements in current year compared to earlier years. Our continued focus on large power transformers and more industry orders should help us to improve performance in the current year. We are also focusing on improving our internal efficiency like cash cycle, labor productivity and cycle time.

DIRECTORS

The appointment/re-appointment of Directors forms part of Notice of the forthcoming 22nd Annual General Meeting and the respective resolutions are recommended for your approval.

Profiles of these Directors, as required by Clause 49 of the Listing Agreement are attached to the Notice of the 22nd Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 of the Companies Act, 2013, your Directors confirm that;

- 1) in the preparation of the annual accounts for the financial year ended 31st March, 2014 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14 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, 2013 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 (nine months period) ended 31st March, 2014 on a 'going concern basis'.

CORPORATE GOVERNANCE

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

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

AUDITORS

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

FIXED DEPOSITS

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

COST AUDITORS

Pursuant to the notification issued by the Ministry of Corporate Affairs (MCA) and based on the recommendation of the Audit Committee, your Board has, subject to the approval of the

Central Government, approved the appointment of Mr M J Gopalakrishnan., Cost Accountants, as the Cost Auditor of the Company for the financial year 2014-15. Your Company has filed application with the Central Government for necessary approval in this connection.

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

The information as prescribed under Section 134 of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in a separate annexure [Annexure "I"], which forms a part of this Report.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Sec. 134 of the Companies Act 2013, read with Companies (Particulars of Employees) Rules 1975, as amended forms part of this Report. However, as per the provisions of Sec. 136 of the Companies Act 2013, this Report and Accounts are being sent to all the members of the company excluding the Statement of Particulars of Employees under Sec. 134 of the Companies Act 2013. Any member interested in obtaining copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

INDO TECH TRANSFORMERS LIMITED

Luis Carlos Silveyra
Chairman

Manuel Hernandez Bravo
Whole time Director

Chennai,
30 May 2014

ANNEXURE I TO DIRECTORS' REPORT

Information as required under Section 134 of the Companies Act, 2013.

A. CONSERVATION OF ENERGY

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 have been carried out.

- a) 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.
- b) The fluorescent lights at the Plant have been fitted with electronic ballast for higher efficiency and conservation of energy.
- c) The design of the Distribution Transformer Plant and Open Ventilated Dry Type Transformer plant at Thirumazhisai and Large Power Transformer Plant in Kancheepuram facilitates natural lighting during normal day shifts and is adequate for most of the operations resulting in saving in lighting costs.
- d) In Thirumazhisai Power Transformer Plant all lights are Metal Halide lamps which give better efficiency/economy as compared to Sodium Vapour Lamps
- e) Large Power Transformer Plant at Kancheepuram
 - i. 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 significant saving in drying time thus increasing productivity and quality.
 - ii. 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 significant saving in the running cost.
 - iii. 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.

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

- f) In the Thirumazhisai Plant, Electronic controllers for monitoring the demand ensures that non-critical equipment is shut off when allotted demand is reached resulting in optimum utilization of power.
- g) In Thirumazhisai plant, continuous monitoring of loads and usage resulting in optimizing drawdown from grid and utilizing spare generator capacity.
- h) In both Thirumazhisai and Kancheepuram plants, usage of power in test labs / oil filtration plant has been optimized through process study, resulting in less consumption power.

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

1. Specific areas in which R&D is carried out by the Company

In the OVDT plant, 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.

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.

2. Future plan of action:

All the above stated activities will be further accelerated and amplified to ensure conformance and further developments.

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.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of the Company during the year (9 Months) under review was ₹783.62 lakhs and outgo was ₹ 92.09 lakhs.

FINANCIAL HIGHLIGHTS

	2013-14 9 Months	2012-13 15 Months	2011-12	2010-11	2009-10	2008-09	2007-08
Gross Sales & Other Income	11400	12495	12596	12416	11020	24157	23153
Net Sales & Other Income	10430	11554	11572	11428	10249	21100	19345
Earnings before Depreciation, Interest and Tax (EBDIT)	(529)	(3857)	(3218)	(1861)	(533)	6593	6123
Depreciation	299	504	412	380	387	392	174
Profit After Tax	(1880)	(5018)	(3998)	(2274)	(839)	3897	3902
Equity Dividend %	--	--	--	--	--	124	60
Dividend Payout	--	--	--	--	--	1317	637
Equity Share Capital	1062	1062	1062	1062	1062	1062	1062
Reserves and Surplus	(450)	1430	6447	10446	12735	13574	11218
Net Worth	612	2492	7509	11508	13797	14636	12280
Gross Fixed Assets	9888	9902	9822	9945	9381	9501	9219
Net Fixed Assets	7047	7309	7667	8130	7940	8212	8313
Total Assets	18270	17684	17599	15923	14885	16632	14155

KEY INDICATORS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Earnings per Share - ₹	(17.70)	(47.25)	(37.65)	(21.42)	(7.90)	36.69	36.71
Turnover per share - ₹	107.35	117.65	118.71	116.91	103.79	227.47	218.00
Book value per share - ₹	5.76	23.46	70.72	108.36	129.92	137.81	114.76
Debt : Equity Ratio	20.62:1	3.27:1	0.71:1	0.09:1	0.07:1	0.10:1	0.12:1
EBDIT / Gross Turnover %	-5%	-32%	-26%	-15%	-5%	27%	26%
Net Profit Margin %	-19%	-42%	-32%	-18%	-8%	18%	20%
RONW %	-75%	-67%	-35%	-16%	-6%	27%	32%
ROCE %	-57%	-64%	-33%	-15%	-6%	35%	28%

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 non-executive Director as Chairman and five other Directors. Out of these, three members are Independent Directors.

Except Mr. Luis Carlos Silveyra and Mr. Manuel Hernandez Bravo, all other Directors are liable to retire by rotation.

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.

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 are stated below:

During the year under review, the Board of Directors met 3 times on, 14th August 2013, 5th November, 2013 and 4th February 2014

Name of Directors	Type of Director	Board Meetings Attended	AGM Attended	No. of Committee Memberships Held	No. of other Directorships Held
Luis Carlos Silveyra	Non-Executive	3	Yes	2	2
Manuel Hernandez Bravo	Whole-time Director	2	Yes	1	-
Arun Kumar Bhalla	Independent	3	Yes	2	-
Arun Kumar Srivastava	Independent	3	Yes	2	-
M. S. Srinivasan	Independent	2	Yes	1	2
Ajay Kumar Dhagat	Non-Executive	2	Yes	1	1

*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 Directors seeking re-appointment:

A brief resume of Directors seeking re-appointment at the Twenty Second Annual General Meeting is given as part of the Notice to the Twenty Second Annual General Meeting.

Audit Committee:

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

Sl. No.	Name	Category of Membership
1	Mr. Arun Kumar Bhalla	Chairman
2	Mr. Arun Kumar Srivastava	Member
3	Mr. Luis Carlos Silveyra	Member

Mr. Arun Bhalla is the Chief Executive Officer and Director – Power Sales in Jindal India Thermal Power Limited. He was formerly the Chief Executive – Power Business Development in Shree Cements Ltd. He has more than 36 years of industry experience and has been associated with PTC India Limited [Power Trading Company of India Limited], BHEL, Nelco, CGEE-Alstom, Tata Honeywell and Hyundai Unitech Electrical Transmission Limited at various levels of responsibilities in the area of Project Management, Marketing, Business Development and General Management.

Mr. Arun Srivastava is the former Managing Director and Chief Executive Officer of Essar Power Limited and was on their Board for more than 13 years. Earlier, he was associated with the National Thermal Power Corporation Limited (NTPC).

Mr. Luis Carlos Silveyra is the President of Prolec-GE Internacional, S De R.L. De C.V. Mr Silveyra has been associated with the Xignux group for over 31 years in various responsibilities and has varied experience. Prior to this he was associated with AEG Mexicana as Process Engineer in 1974, rose to the position of Deputy General Manager before joining HYLISA Engineering Direction in the year 1978 as Electrical Engineer Manager.

Mr. D Alwan, the 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 is as follows:

- Oversee Company's financial reporting process and disclosures.
- Recommend appointment/removal/remuneration and payment of other fees of the statutory auditors.
- Review with the management of 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, 2014 is given below:

Sl. No.	Members	Meetings	Meetings Attended
1	Mr. Arun Kumar Bhalla	3	3
2	Mr. Arun Kumar Srivastava	3	3
3	Mr. Luis Carlos Silveyra	3	3

Shareholders/Investors Grievance Committee:

The Shareholders/Investors Grievance Committee consists of three Director viz.,

Sl. No.	Name	Category of Membership
1	Mr Luis Carlos Silveyra	Chairman
2	Mr Ajay Kumar Dhagat	Member
3	Mr Manuel Hernandez Bravo	Member

The Committee oversees the performance of investor grievances and recommends measures to improve the shareholders/investors service. Mr. D Alwan, Company Secretary, is the Secretary of the Committee. The Committee met 3 times on, 14th August 2013, 5th November, 2013 and 4th February 2014.

During the Financial Year ended 31st March, 2014, a total of Nil complaints, were received from the shareholders.

The Attendance of Directors at the Shareholders/Investors Grievance and Share Transfer Committee Meetings held during the year ended 31st March, 2014 is given below:

Sl. No.	Members	Meetings Held	Meetings Attended
1	Mr Luis Carlos Silveyra	3	3
2	Mr Ajay Kumar Dhagat	3	2
3	Mr Manuel Hernandez Bravo	3	2

Remuneration Committee:

The Remuneration Committee consists of three non-executive Director viz.,

Sl. No.	Name	Category of Membership
1	Mr. M S Srinivasan	Chairman
2	Mr. Arun Kumar Bhalla	Member
3	Mr. Arun Kumar Srivastava	Member

The Committee reviews and approves the remuneration of Managerial Personnel and the terms and conditions of appointment and in accordance with the provisions of Companies Act 2013. Mr. D. Alwan, Company Secretary, is the Secretary of the Committee.

The following Directors are paid sitting Fees of ₹ 20,000 for attending a meeting of the Board or Audit Committee thereof and they are not paid any other remuneration over and above the sitting fees.

Sl. No.	Name
1	Mr. M S Srinivasan
2	Mr. Arun Kumar Bhalla
3	Mr. Arun Kumar Srivastava
4	Mr Ajay Kumar Dhagat

Other non-executive Directors and the Whole-time director have waived receiving sitting fees for both the Board and Committee meetings.

Details of sitting fees paid to Directors during the financial year 2013-14:

Rupees

Sl. No.	Name	Board Meeting	Audit Committee
1	Mr. Arun Bhalla	60,000	60,000
2	Mr. Arun Srivastava	60,000	60,000
3	Mr. M. S. Srinivasan	40,000	-
4	Mr. Ajay Dhagat	40,000	-

Whole-time director under the Companies Act, 1956

Mr Manuel Hernandez Bravo, is the Whole-time director under the Companies Act, 1956.

General Meetings:

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

Year	Date and Time	Venue
2012-13	5 th November 2013 at 11.00 AM	Pleasant Days Resort Chennai-Bangalore Trunk Road Palanjur, Sembarambakkam Chennai 602 103
2011-12	10 th August 2012 at 4.00 PM	Pleasant Days Resort Chennai-Bangalore Trunk Road Palanjur, Sembarambakkam Chennai 602 103
2010-11	5 th August 2011 at 4.00 PM	Pleasant Days Resort Chennai-Bangalore Trunk Road Palanjur, Sembarambakkam Chennai 602 103

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

Year	Date and Time	Venue
2012-13	5 th November 2013 at 12.30 PM	Pleasant Days Resort Chennai-Bangalore Trunk Road Palanjur, Sembarambakkam Chennai 602 103

Disclosures:

- Related Party Transactions: Disclosure on transaction(s) with related party as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India has been incorporated in the Notes to the Accounts.
- 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.
- 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.
- 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 Business Line/The Financial Express and Makkal Kural.

Management Discussion and Analysis Report:

The Management Discussion and Analysis (MDA) giving an overview of the Company's business and its financials is provided 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.prolecge.in

Shareholders' Information:

1.	Annual General Meeting	Date : August 5, 2014
		Time : 2.00 PM
		Venue : Pleasant Days Resort
		Chennai-Bangalore Trunk Road Palanjur, Sembarambakkam Chennai – 602 103.
2.	Financial Year of the company:	The financial year under review of the Company was of nine months from July 01, 2013 to March 31, 2014
3.	Book Closure Date	28 July 2014 to 5 August 2014

4. Financial Calendar (tentative)

Results for the quarter ending June 30, 2014	First week of August 2014
Results for the quarter ending September 30, 2014	Second week of November 2014
Results for the quarter ending December 31, 2014	Second week of February 2015
Results for the quarter ending 31st March, 2015	Second week of May 2015
Annual General Meeting	Second week of August 2015

5. 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

6. Status of Listing Fees

The Company has paid Listing Fees for the year 2014-2015 to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited within the stipulated time.

7. Stock Price Data

Month	NSE		BSE	
	High	Low	High	Low
July 2013	78.95	57.25	87.70	62.00
August 2013	69.00	47.65	70.15	47.75
September 2013	59.50	47.70	56.95	47.20
October 2013	59.50	48.15	60.00	48.65
November 2013	80.85	48.20	80.40	42.50
December 2013	73.00	58.00	73.15	57.15
January 2014	69.50	55.50	70.00	55.70
February 2014	60.50	52.40	60.50	52.55
March 2014	67.90	55.70	68.50	55.75

Note: The Equity Shares of the Company were listed on NSE and BSE on 16th March, 2006.

8. Registrar and Share Transfer Agents
Link Intime India Private Limited

(Formerly Intime Spectrum Registry Limited)

C-13 Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West), Mumbai 400 078

Phones : 91-22-25963838

Fax : 91-22-25946969

e-mail : mt.helpdesk@linkintime.co.in.

9. Shareholding Pattern as on 31st March 2014

Category	No. of Shares	Percentage
Foreign Company	7,895,625	74.35
Mutual Funds	22,703	0.21
Private Corporate Bodies	443,906	4.17
Public	2,187,964	20.61
NRI's	33,604	0.31
Clearing Members	37,008	0.35
Total	10,620,000	100.00

10. Share Transfer

In accordance with the Listing Agreements with the Stock Exchanges, the Board has authorized the CEO, CFO and the Company Secretary and Chief Compliance Officer, to severally approve share transfers, transmissions, splits, sub-division, consolidation, re-mat or replace any share certificate(s) and also to issue duplicate share certificate(s) in addition to resolving investor complaints received, if any.

12. Shareholding Summary

Category	No. of Holders	Total Shares	% to Equity
Physical	2	2	-
NSDL	7,431	9,730,478	91.62
CDSL	3,210	889,520	8.38
Total	10,995	10,620,000	100.00

13. Plant locations

Survey No 153-210 DP 14-19 SIDCO
Illuppapatu Village, Near Industrial Estate
Rajakulam KM 64, Chennai Thirumazhisai
Bangalore Highway Chennai
Kancheepuram District 600 124
Tamil Nadu

DP 36 SIDCO Industrial Estate
Thirumazhisai Chennai
600 124

14. Address for Correspondence

The Company Secretary
Indo Tech Transformers Limited
DP-36 Sidco Industrial Estate
Thirumazhisai
Chennai 600 124
Phone : 91-44-30289830/9833
Email : investor@indo-tech.com

15. Distribution Schedule as on March 31, 2014

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% of Shareholding
1 to 500	9,954	93.53	746,786	7.03
501 to 1000	305	2.87	242,262	2.28
1001 to 2000	177	1.66	260,779	2.46
2001 to 3000	74	0.70	183,024	1.72
3001 to 4000	37	0.35	134,897	1.27
4001 to 5000	27	0.25	124,149	1.17
5001 to 10000	30	0.28	207,248	1.95
Greater than 10000	39	0.37	8,720,855	82.12
TOTAL	10,643	100	10,620,000	100

16. Market price Indices : High/Low of company's share price vis-à-vis Nifty Index on the National Stock Exchange of India Limited, Mumbai, during the period July 2013 to March 2014 is furnished below:

Month	NSE Share Price		Nifty Index	
	High	Low	High	Low
July 2013	78.95	57.25	6,093	5,676
August 2013	69.00	47.65	5,809	5,119
September 2013	59.50	47.70	6,143	5,319
October 2013	59.50	48.15	6,309	5,701
November 2013	80.85	48.20	6,343	5,972
December 2013	73.00	58.00	6,415	6,130
January 2014	69.50	55.50	6,358	6,027
February 2014	60.50	52.40	6,283	5,933
March 2014	67.90	55.70	6,730	6,212

Adoption of Non-Mandatory Requirements of Clause 49

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

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

Luis Carlos Silveyra
Chairman

Manuel Hernandez Bravo
Whole-time Director

Place : Chennai
Date : 30th May 2014

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

Last 2 years have not been good for the economy despite better monsoons as low growth, high interest rates, high input costs, policy uncertainties and lack of domestic demand impaired business confidence and resulted in low capital formation. Power sector was severely impacted due to non-availability of coal and banks' exposure to power segment became bad which stalled further lending to this segment. We have also been impacted as certain orders were deferred and payments were abnormally delayed.

Many state governments became tentative and decided not to honor the PPA agreements signed by them in wind and solar segments which slowed down these growing segments as they were not getting enough funds.

The industry has also been suffering from non-compliant design which gave us an opportunity to propose value story to the customer through technical presentations. With core (CRGO) certification being made mandatory, we believe import of second's core will reduce and some improvement in price can be expected.

With elections having given a clear mandate to the new government, there is increased optimism as the new government is likely to give more priority to power and infrastructure sector. We also remain optimistic about Bangladesh market that has future growth potential.

OPPORTUNITIES, THREATS AND RISKS

The company continues to leverage its parents, Prolec and GE for adopting best practices and streamlining business critical processes.

With the new central government, there is general increase in optimism in the economy and the industry as the new government is likely to give a fillip to infrastructure development

which can revive the demand for cement and steel, which is a key focus area for us. Also, the renewable sector is likely to get a boost from the government considering their track record for which we could leverage our parent companies' expertise that could give us an edge over others. We also plan to diversify our focus from southern region to east and Bangladesh. Our focus on cost reduction and better margin orders is likely to improve our margins.

Other risk areas are:

- Continued overcapacity among incumbents leading to sustained pricing pressures in the market place
- Customers delaying taking physical delivery of their transformers due to delays in large projects. This blocks our factory space, hampers production lines, affects timely revenue recognition and locks up our working capital
- Increase in interest rate and input costs

PRODUCT PERFORMANCE

1. Revenues

Our revenues comprise of Sale of Transformers and Other income. The following table shows our revenue for last three fiscals ended March 31, 2014:

(₹ in lakhs)

Sources of Revenue	FY2014	FY2013	FY2012
Sale of Transformers (Net of Excise Duty)	8,939.07	11,085.17	11,162.01
Other Income	1,491.00	469.16	409.60
Total Revenue	10,430.07	11,554.33	11,571.61

We derive our revenues primarily from sale of transformers manufactured to State Electricity Boards, EPC Contractors, Industries and other customers.

2. Expenditure

The following table shows our expenditure for last three fiscals ended March 31, 2014:

(₹ in lakhs)

Expenditure Head	FY2014	FY2013	FY2012
Raw Material consumed	8,020.05	9,243.04	10,302.31
Employees Remuneration	1,055.95	1,759.64	1,525.54
Manufacturing, Selling and Administrative expenses	1,882.95	4,408.41	2,962.24
Finance Cost	1,052.62	657.45	368.17
Depreciation	298.55	503.53	411.71
Total	12,310.12	16,572.07	15,569.97

BUSINESS OVERVIEW AND OUTLOOK

Business sentiment is likely to improve from second half of FY 2014-15. While we do not expect demand for our businesses to worsen from the current levels, we will need to be watchful.

Further, the focus on non-conventional energy will lead to more wind and solar power generation fuelling the growth for transformers. In addition to the domestic market, your Company has taken steps to foray into the global market through General Electric network to improve its performance and reach.

While we remain more optimistic on business environment, pricing pressures will continue in the short term but medium term prospects look better for the business.

RISK AND INTERNAL CONTROLS

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. Remedial measures are suggested by them to mitigate the risks identified during the course of the audit assignments and action plans ensure implementation of such suggestions. Safeguarding of assets and protection against unauthorized use are also part of these exercises.

FINANCIAL AND OPERATIONS PERFORMANCE

The financial performance of your Company was severely affected by the combined impact of pricing pressures in the

market place, increases in input costs, delays in projects as well as complying with stringent design specifications of the customers. The Company is fully focused on reducing the input costs and is using the expertise of its parent company.

Financial Results

(₹ in lakhs)

Particulars	Year ended 31-Mar-14	Year ended 30-Jun-13
Total Revenue	10,430.07	11,554.33
Operating Profit (EBDIT)	(528.78)	(3,856.76)
Profit Before Tax (PBT)	(1,880.03)	(5,017.74)
Profit After Tax (PAT)	(1,880.03)	(5,017.74)

HUMAN RESOURCES

Your Company's Human Resource function is committed to making Indo Tech a model employer by setting benchmarks in shaping the culture, development of managers and employees and helping them to set and execute exacting standards and business objectives. It is focused on development of leadership and technical skills of all level of employees. It has undertaken several initiatives during the year, which have contributed to improvements in recruitment, training, retention and development of talent.

**CERTIFICATION BY
CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER**

We hereby certify that for the financial year 9 months' ending 31st March 2014, 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 31st March 2014, which are fraudulent, illegal or in violation 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 2014

D Alwan
Chief Financial Officer

Manuel Hernandez Bravo
Whole Time Director

**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. The Code has been hosted on the Company's website www.indo-tech.com/www.prolecge.in.

We confirm that the Company has in respect of the financial year (9 months) ended 31st March 2014, 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 Heads of functions.

For and On Behalf of the Board

Luis Carlos Silveyra
Chairman

Manuel Hernandez Bravo
Whole Time Director

Place : Chennai
Date : 30th May, 2014

AUDITORS' CERTIFICATION 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 ("the Company") for the nine months period ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with 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 statements 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 Agreement.

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 B S R and Co

Chartered Accountants

Firm Registration Number: 128510W

Rajesh Mehra

Partner

Membership No. 103145

Place: Mumbai

Date: May 30, 2014

Independent Auditors' Report

Independent Auditors' Report

To the members of Indo Tech Transformers Limited Report on the financial statements

We have audited the accompanying financial statements of **Indo Tech Transformers Limited** (the "Company"), which comprise the balance sheet as at March 31, 2014, the statement of profit and loss and the cash flow statement for the nine months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;

(b) in the case of the statement of profit and loss, of the loss for the nine months period ended on that date; and

(c) in the case of the cash flow statement, of the cash flows for the nine months period ended on that date.

Emphasis of matter

We draw attention to note 2(a) to the financial statements which more fully discusses the going concern related matters. Based on the approved business plans, independent impairment testing and availability of banking limits, the Company believes that it would be able to meet its financial requirements and no adjustments would be required in respect of the carrying value of assets/liabilities. Accordingly, the financial statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - (e) On the basis of written representations received from the directors as at March 31, 2014, and taken on record by the board of directors, we report that none of the directors is disqualified as at March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

for **B S R and Co**

Chartered Accountants

Firm Registration Number: 128510W

Rajesh Mehra

Partner

Membership No. 103145

Place: Mumbai

Date : May 30, 2014

Annexure to the Independent Auditors' Report to the Members of Indo Tech Transformers Limited for the Nine months period ended March 31, 2014

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the period were not substantial and therefore do not affect the going concern assumption.
- (ii) (a) The inventory, except stocks lying with third parties and in transit, has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable. For stocks lying with third parties at the period-end, written confirmations have been obtained.
- (b) In our opinion, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has neither granted nor taken any loan, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Thus, paragraph 4(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and similarly certain goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of power transformers and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, excise duty, customs duty, service tax, and other material statutory dues have generally been regularly deposited during the period by the Company with the appropriate authorities *except in respect of income tax deducted at source where the Company has delays ranging from 26-28 days and income tax deductible at source estimated at ₹ 2.22 million which has not been deducted / paid.* As explained to us, the Company did not have any dues on account of wealth tax and investor education and protection fund.
- According to the information and explanations given to us, *except for tax deduction at source amounting to ₹ 0.54 million, which is outstanding for more than six months as at the period end, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, cess and other material statutory dues were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.*
- (b) According to the information and explanations given to us, the dues relating to income tax, sales tax, and customs duty that have not been deposited by the Company on account of disputes are given in Appendix I.

- (x) *The accumulated losses of the Company, as at the period end are more than fifty percent of its net worth. The Company has incurred cash losses in the financial period and in the immediately preceding financial period.*
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debenture holders during the period.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures, and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we are of the opinion that the funds raised on short-term basis estimated at ₹ 709.52 million have been used for long-term purposes.*
- (xviii) The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised any money by public issues during the period.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for B S R and Co

Chartered Accountants

Firm registration No. – 128510W

Rajesh Mehra

Partner

Membership No.: 103145

Place: Mumbai

Date : May 30, 2014

Appendix I to the Independent Auditors' Report to the Members of Indo Tech Transformers Limited for the nine months period ended March 31, 2014 (continued)

(Referred to in our report of even date)

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
The Customs Act, 1962	Customs duty	1,417,317*	FY 2004-05	Custom Excise and Service Tax Appellate Tribunal, Chennai
The Central Sales Tax Act, 1956	Central sales tax	441,618	FY 1996-97	Madras High Court
Tamil Nadu General Sales Tax Act, 1959	Penalty	15,607	FY 1996-97	Appellate Assistant Commission
The Central Sales Tax Act, 1956	Central sales tax	362,608^	FY 2005-06 FY 2006-07	Assistant Commissioner of Commercial Taxes, Chennai
Income-tax Act, 1961	Income tax	3,669,548	AY 2005-06	Income-tax Appellate Tribunal
Income-tax Act, 1961	Income tax	20,848,024	AY 2005-06, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12	Commissioner of Income Tax (Appeals)
Tamil Nadu VAT Act, 2006	Sales tax	1,411,682@	AY 2006-07, 2007-08, 2008-09, 2009-10	Appellant Deputy Commissioner of Commercial Taxes

* net of ₹ 1,272,500 paid under protest

^ net of ₹2,500,000 paid under protest

@ net of ₹ 554,793 paid under protest

Balance Sheet as at 31 March, 2014

(All amounts are in Indian Rupees, except share data or as stated)

	Note	As at March 31, 2014	As at June 30, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	106,200,000	106,200,000
Reserves and surplus	4	(45,030,520)	142,972,952
		61,169,480	249,172,952
Non-current liabilities			
Long-term provisions	5	7,157,140	8,060,499
		7,157,140	8,060,499
Current liabilities			
Short-term borrowings	6	1,254,174,632	806,719,370
Trade payables	7	338,345,780	457,066,989
Other current liabilities	8	160,393,972	241,661,423
Short-term provisions	5	5,729,834	5,768,500
		1,758,644,218	1,511,216,282
Total		1,826,970,838	1,768,449,733
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	9	704,652,271	730,904,716
Intangible fixed assets	10	2,542,769	3,941,052
Capital work-in-progress	9	12,442,552	15,387,539
Deferred tax assets (net)	11	-	-
Long-term loans and advances	12	46,056,669	44,524,237
Other non-current assets	13	5,000,000	48,411,842
		770,694,261	843,169,386
Current assets			
Inventories	14	320,203,495	340,620,961
Trade receivables	15	443,095,935	345,861,655
Cash and bank balances	16	95,915,138	65,312,624
Short-term loans and advances	17	180,005,757	158,983,382
Other current assets	18	17,056,252	14,501,725
		1,056,276,577	925,280,347
Total		1,826,970,838	1,768,449,733
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R and Co**

Chartered Accountants

Firm Registration Number: 128510W

Rajesh Mehra

Partner

Membership No.: 103145

Place: Mumbai

Date: May 30, 2014

for and on behalf of the Board of Directors of
Indo Tech Transformers Limited**Luis Carlos Silveyra**

Chairman

Manuel Hernandez Bravo

Wholetime Director

D Alwan

Chief Financial Officer and Company Secretary

Place: Chennai

Date: May 30, 2014

Statement of Profit and Loss for the nine months period ended March 31, 2014

(All amounts are in Indian Rupees, except share data or as stated) (FY 2013-14 is for 9 months period and FY 2012-13 is for 15 months period)

	Note	Year ended March 31, 2014	Period ended June 30, 2013
Revenue from operations			
Sale of products (gross)	19	990,938,208	1,202,579,118
Less: Excise duty		97,030,716	94,061,488
Sale of products (net)		893,907,492	1,108,517,630
Sale of services		22,179,190	23,175,433
Other operating revenues		22,512,528	9,024,435
Total		938,599,210	1,140,717,498
Other income	20	104,408,512	14,715,522
Total revenue		1,043,007,722	1,155,433,020
Expenses			
Cost of materials consumed	21	775,579,729	999,717,086
Changes in inventories of finished goods and work-in-progress	22	26,425,414	(75,413,143)
Employee benefits	23	105,595,425	175,963,854
Finance costs	24	105,261,530	65,745,094
Depreciation and amortization	25	29,854,711	50,352,895
Other expenses	26	188,294,385	440,841,667
Total expenses		1,231,011,194	1,657,207,453
Loss before tax		(188,003,472)	(501,774,433)
Tax expense:		-	-
Loss for the period		(188,003,472)	(501,774,433)
Earnings per equity share:			
- Basic		(17.70)	(47.25)
- Diluted		(17.70)	(47.25)
Weighted average number of equity shares outstanding during the period		10,620,000	10,620,000
Nominal value of equity shares (₹)		10	10

Significant accounting policies 2

The notes referred to above form an interegral part of the statement of financial statements.

As per our report of even date attached
for **B S R and Co**
Chartered Accountants
Firm Registration Number: 128510W

Rajesh Mehra
Partner
Membership No.: 103145

Place: Mumbai
Date: May 30, 2014

for and on behalf of the Board of Directors of
Indo Tech Transformers Limited

Luis Carlos Silveyra
Chairman

Manuel Hernandez Bravo
Wholetime Director

D Alwan
Chief Financial Officer and Company Secretary
Place: Chennai
Date: May 30, 2014

Cash Flow Statement for the nine months period ended March 31, 2014

(All amounts are in Indian Rupees, except share data or as stated) (FY 2013-14 is for 9 months period and FY 2012-13 is for 15 months period)

	Note	Period ended March 31, 2014	Period ended June 30, 2013
Cash flows from operating activities			
Loss before tax		(188,003,472)	(501,774,433)
<i>Adjustments:</i>			
Depreciation / amortization		29,854,711	50,352,895
Loss on sale of fixed assets		1,023,721	132,592
Assets written off		-	318,437
Provision for doubtful debts		(5,485,902)	76,563,351
Interest income		(4,155,523)	(8,277,339)
Foreign exchange (gain) / loss, net (unrealised)		6,839,515	5,867,005
Liabilities / provisions no longer required written back		(8,114,210)	(1,729,235)
Provision for inventories		9,235,368	770,000
Provision for warranty		(227,391)	2,027,512
Finance costs		105,261,530	65,745,094
Operating cash flow before working capital changes		(53,771,653)	(310,004,121)
(Increase) / decrease in inventories		11,182,098	(85,029,645)
(Increase) / decrease in trade receivables		(92,054,987)	(79,380,224)
(Increase) / decrease in loans and advances and other assets		14,547,271	75,998,329
Increase / (decrease) in trade payables, other liabilities and provisions		(196,643,172)	217,906,253
Cash generated from operations		(316,740,443)	(180,509,408)
Income taxes paid		663,495	1,039,730
Net cash used by operating activities	(A)	(317,403,938)	(181,549,138)
Cash flows from investing activities			
Purchase of fixed assets (tangible fixed assets and capital work-in-progress)		(1,625,694)	(6,092,691)
Proceeds from sale of fixed assets		1,342,977	637,778
Interest received		8,574,255	7,588,104
Bank deposits (having original maturity of more than three months), net		(35,840,159)	(6,403,920)
Net cash used by investing activities	(B)	(27,548,621)	(4,270,729)

Cash Flow Statement for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated) (FY 2013-14 is for 9 months period and FY 2012-13 is for 15 months period)

Cash flows from financing activities

Proceeds from borrowings, net	447,455,262	280,633,775
Repayment of finance lease, net	-	(1,472,846)
Repayment of sales tax deferral loan	-	(7,689,763)
Finance costs paid	(107,740,348)	(63,057,319)
Net cash provided by financing activities	(C)	339,714,914
Net increase/(decrease) in cash and cash equivalents	(A+B+C)	22,593,980

Cash and cash equivalents at the beginning of the period (see note below)	58,908,704	36,314,724
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Cash and cash equivalents at the end of the period (see note below)	53,671,059	58,908,704
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Notes to cash flow statement
Components of cash and cash equivalents:

- Cash on hand	11,787	9,465
- Cheques on hand	24,165,366	-
- Balances with banks		
- on current accounts (including monies held in trust)	15,942,078	17,505,482
- on cash credit accounts	3,551,828	843,757
- on deposit accounts (with original maturity of 3 months or less)	10,000,000	40,550,000
	53,671,059	58,908,704

As per our report of even date attached
for **B S R and Co**
Chartered Accountants
Firm Registration Number: 128510W

Rajesh Mehra
Partner
Membership No.: 103145

Place: Mumbai
Date: May 30, 2014

for and on behalf of the Board of Directors of
Indo Tech Transformers Limited

Luis Carlos Silveyra
Chairman

Manuel Hernandez Bravo
Wholetime Director

D Alwan
Chief Financial Officer and Company Secretary
Place: Chennai
Date: May 30, 2014

Notes to financial statements for the nine months period ended March 31, 2014

(All amounts are in Indian Rupees, except share data or as stated)

1 Company overview

Indo Tech Transformers Limited ('Indo Tech' / 'the Company') is engaged in the business of manufacturing power and distribution transformers and various special application transformers, mobile sub-station transformers and sub-stations. The Company has manufacturing plants located at Palakkad in Kerala, Chennai and Kancheepuram in Tamil Nadu.

2 Significant Accounting Policies

a Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government under Section 211 (3C) of the Companies Act, 1956 read with the General Circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, in consultation with the National Advisory Committee on Accounting Standards ('NACAS'), the relevant provisions of the Companies Act, 1956, the guidelines issued by the Securities and Exchange Board of India and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees.

The Company's performance during the nine months period ended March 31, 2014 has witnessed rise in demand from its customers and improved market conditions. However, increased interest cost continues to be a burden on the margins and as a result, the accumulated losses as at March 31, 2014 have further eroded the net worth of the Company. During the current period, the Company has intimated to the Board for Industrial and Financial Reconstruction ('BIFR') about erosion of more than 50% of the Company's peak net worth pursuant to section 23 of Sick Industrial Companies (Special Provision) Act, 1985 (SICA').

Prolec GE, the holding Company, has consistently supported the Company to raise unsecured funds from banks and renewal of the existing loans subsequent to March 31, 2014. Also, pursuant to the various steps initiated by the Company to improve its operational performance and liquidity, there has been a reduction in losses in the current period. Based on the approved business plans, independent impairment testing and availability of banking limits, the Company believes that it would be able to meet its financial requirements and no adjustments would be required in respect of the carrying values of assets/liabilities. The ability of the Company to continue as a going concern is significantly dependent on the consistent and continued improvement in its operational performance in the future. Accordingly, the financial statements have been prepared on a going concern basis.

b Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

c Revenue recognition

Revenue from sale of goods is recognized upon transfer of all significant risks and rewards of ownership to the buyer which generally corresponds with the dispatch/delivery of goods to buyers based on the terms of the contract. The amount recognized as sale is exclusive of sales tax and trade discounts.

Service income is recognized as the services are rendered on an accrual basis in accordance with the terms of the relevant contract.

Dividend income is recognized when the unconditional right to receive the payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

d Fixed assets and depreciation / amortisation

Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation. The cost of fixed assets includes freight, duties and taxes and other incidental expenses related to the acquisition, but exclude duties and taxes that are recoverable subsequently from tax authorities. Borrowing costs directly attributable to acquisition of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

Capital work-in-progress includes the cost of fixed assets that are not ready for its intended use and cost of assets not put to use before the balance sheet date.

Depreciation

Depreciation is provided on the straight line method at the rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, based on the estimated useful life of the assets, depreciation is provided considering the following useful lives which corresponds to the rates prescribed in Schedule XIV to the Companies Act, 1956.

Fixed Assets	Useful lives
Buildings	30 - 60
Plant and machinery	13 - 21
Office equipments	21
Computer and accessories	6
Furnitures and fixtures	16
Vehicles	10 - 14

Assets costing less than ₹ 5,000 are depreciated @ 100% in the year of purchase.

Intangible fixed assets and amortisation

Intangible assets are recorded at the consideration paid for acquisition. Intangible assets are amortized over their estimated economic useful lives on a straight line basis commencing from the date the asset is available for its use. The management estimates the useful lives for the intangible asset (software) at 5 years.

e Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net realizable value and value in use) of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

f Leases

Assets taken on lease where the Company acquires substantially the entire risks and rewards incidental to ownership are classified as finance leases. The amount recorded is the lesser of the present value of the minimum lease rental and other incidental expenses during the lease term or the asset's fair value.

The rental obligations, net of interest charges, are reflected in secured loan. Leases that do not transfer substantially all of the risks and rewards of ownership are classified as operating leases and recorded as expenses as and when payments are made on a straight line basis over the lease term.

g Investments

Long-term investments are stated at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value.

h Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes all taxes and duties, but excludes duties and taxes that are subsequently recoverable from tax authorities.

The methods of determining cost of various categories of inventories are as follows:

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

Description	Method of determining cost
Raw materials and components	Weighted average
Stores and spares and consumables	Weighted average
Work in progress and finished goods	Weighted average and including an appropriate share of production overheads
Finished goods	Weighted average and including an appropriate share of production overheads (excise duty in respect of closing inventory of finished goods is included as part of inventory)

i Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year / period and on restatement of monetary assets and liabilities are recognized in the statement of profit and loss of the year / period.

Premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or as expense for the year / period. In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the statement of profit and loss in the reporting period in which the exchange rates change.

In accordance with the announcement of "Accounting for Derivatives" made by the Institute of Chartered Accountants of India ('ICAI') on 29 March 2008, derivatives are marked to market and the changes in the value of such derivatives are recognized in statement of profit and loss.

j Employee benefits

Provisions for / contributions to retirement benefits scheme are made as follows:

Defined contribution plan

Provident fund: Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company's contribution to the Employees' Provident Fund scheme maintained by the Central Government is charged to the statement of profit and loss.

Super annuation fund: Eligible employees receive benefits from the super annuation fund, which is a defined contribution plan. The Company makes annual contributions to the super annuation fund plan equal to a specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its yearly contributions. The Company's contribution to the super annuation fund scheme maintained by the Life Insurance Corporation of India ('LIC') is charged to the statement of profit and loss.

Defined benefit plan

Compensated absences: Provision for long term compensated absences is made on the basis of an actuarial valuation as at the balance sheet date carried out by an independent actuary. Provision for short term compensated absences is made on actual basis.

Gratuity: The Company provides for gratuity, a defined benefit retirement Plan (the "Gratuity Plan") covering eligible employees. The Plan provides payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company provides the gratuity benefit through annual contribution to a fund managed by the LIC. Under this scheme the settlement obligation remains with the Company although the LIC administers the scheme and determines the contribution premium required to be paid by the Company. Liabilities related to the Gratuity Plan are determined by actuarial valuation done by an independent actuary using projected unit credit method as at the balance sheet date.

Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the statement of profit and loss.

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

k Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

l Taxation

Income-tax expense comprise current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting that tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at the balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

m Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

n Cash flow statements

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the dates of the transactions.

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

3 Share capital

- a
- The details of authorised, issued, subscribed and paid up share capital is as under:**

Particulars	As at March 31, 2014	As at June 30, 2013
Authorised 15,300,000 (June 30, 2013: 15,300,000) Equity Shares of ₹10 each	153,000,000	153,000,000
Issued, subscribed and paid up 10,620,000 (June 30, 2013: 10,620,000) Equity Shares of ₹10 each fully paid up	106,200,000	106,200,000

- b
- Reconciliation of the shares outstanding at the beginning and at the end of the period is as under:**

Particulars	As at March 31, 2014		As at June 30, 2013	
	Number of shares	Amount	Number of shares	Amount
At the commencement and at the end of the period	10,620,000	106,200,000	10,620,000	106,200,000

- c
- Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder in a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

During the period ended March 31, 2014, the Company has not declared any dividend.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

- d
- Shares held by holding company and / or their subsidiaries / associates**

Particulars	As at March 31, 2014		As at June 30, 2013	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10 each fully paid up held by: Prolec GE Internacional S de R.L. C.V., Mexico, the holding Company	7,895,625	78,956,250	7,895,625	78,956,250

- e
- Particulars of shareholders holding more than 5% shares of a class of shares**

Particulars	As at March 31, 2014		As at June 30, 2013	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of ₹ 10 each fully paid up held by: Prolec GE Internacional S de R.L. C.V., Mexico, the holding Company	7,895,625	74.35%	7,895,625	74.35%

4 Reserves and surplus

Particulars	As at March 31, 2014	As at June 30, 2013
Securities premium account At the commencement and at the end of the period	375,848,190	375,848,190
	375,848,190	375,848,190
General reserve At the commencement and at the end of the period	199,875,940	199,875,940
	199,875,940	199,875,940
Surplus (Profit and loss balance) At the commencement of the period	(432,751,178)	69,023,255
Loss for the period	(188,033,472)	(501,774,433)
	(620,754,650)	(432,751,178)
Total reserves and surplus	(45,030,520)	142,972,952

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

5 Provisions

Particulars	Long-term		Short-term	
	As at March 31, 2014	As at June 30, 2013	As at March 31, 2014	As at June 30, 2013
Provision for employee benefits				
Gratuity (Refer note 35)	-	1,454,556	-	-
Compensated absences	626,305	563,257	340,622	118,530
	626,305	2,017,813	340,622	118,530
Other provisions				
Provision for warranty	6,530,835	6,042,686	3,971,895	4,232,653
Provision for others	-	-	1,417,317	1,417,317
	6,530,835	6,042,686	5,389,212	5,649,970
Total	7,157,140	8,060,499	5,729,834	5,768,500

Additional disclosures relating to certain provisions (as per Accounting Standard 29)

Particulars	Warranty		Others	
	As at March 31, 2014	As at June 30, 2013	As at March 31, 2014	As at June 30, 2013
At the commencement of the period	10,275,339	12,302,851	1,417,317	5,326,792
Provision made during the period	4,362,259	5,398,030	-	-
Provision utilised the period	-	-	-	2,377,583
Unutilised provision written back during the period	4,134,868	7,425,542	-	1,531,892
At the end of the period	10,502,730	10,275,339	1,417,317	1,417,317

Provision for warranties: A provision is estimated for expected warranty claims in respect of products sold during the period on the basis of a technical evaluation and past experience regarding failure trends of products and costs of rectification or replacement. The provision for warranty is maintained over the period of the warranty which varies from 12 months to 72 months.

Provision for others: This represents provisions made for probable liabilities / claims arising out of pending disputes / litigations with customs authorities. Timing of outflow of resources will depend upon timing of decision of cases.

6 Short-term borrowings

Particulars	As at March 31, 2014	As at June 30, 2013
Loans repayable on demand - from banks		
Export pre-shipment credit in foreign currency (unsecured)	-	45,385,291
Working capital demand loan (unsecured)	1,245,500,000	612,000,000
Cash credit facility (unsecured)	8,674,632	146,945,303
Cash credit facility (secured)	-	2,388,776
Total	1,254,174,632	806,719,370

- i) Export shipment credit from Citibank carried interest of 3.8994% per annum computed on a monthly basis and are repayable on demand.
- ii) Working capital demand loan from banks carry interest ranging between 11.35% - 13.75% per annum on a monthly basis, and are repayable on demand.
- iii) Cash credit facility (unsecured) from Citibank carry interest of 13.5% per annum computed on a monthly basis on the actual amount utilised, and are repayable on demand.
- iv) Cash credit facility (secured) from State Bank of India carried interest of 12% per annum computed on a monthly basis on the actual amount utilised and are repayable on demand and are secured by pari passu first hypothecation charge over current assets (inventory, receivables and other current assets), first charge over the land and building at Thirumazhisai, equitable mortgage over land with electric generator at Radhapuram, equitable mortgage over land and building at Palakkad and second charge on pari passu basis with Bank of Baroda and State Bank of India..

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

7 Trade payables

Particulars	As at March 31, 2014	As at June 30, 2013
Trade payables	338,345,780	457,066,989
Total	338,345,780	457,066,989

For dues to micro and small suppliers, refer to note 35

8 Other current liabilities

Particulars	As at March 31, 2014	As at June 30, 2013
Interest accrued but not due on borrowings	919,508	3,398,326
Payable towards capital goods	11,251,792	11,178,681
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit	-	-
Unpaid dividend	584,528	644,412
Advance from customers	82,034,912	101,209,170
Employees benefits payable	4,650,726	9,296,184
Other liabilities	14,116,542	6,821,302
Payable towards sales return	46,835,964	109,113,348
Total	160,393,972	241,661,423

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

9 Tangible fixed assets

Particulars	Freehold land	Buildings	Plant and machinery	Office equipments	Computer and accessories	Furniture and fixtures	Vehicles	Total
Gross block								
Balance as at April 1, 2012	112,601,844	361,487,655	445,776,639	3,859,993	15,935,225	21,297,218	21,238,034	982,196,608
Additions	-	178,082	11,372,075	67,145	527,256	990,391	-	13,134,949
Deletions / write off	-	-	27,270	134,500	3,379,054	-	1,558,701	5,099,525
Balance as at June 30, 2013	112,601,844	361,665,737	457,121,444	3,792,638	13,083,427	22,287,609	19,679,333	990,232,032
Balance as at July 1, 2013	112,601,844	361,665,737	457,121,444	3,792,638	13,083,427	22,287,609	19,679,333	990,232,032
Additions	-	-	4,529,913	29,427	11,341	-	-	4,570,681
Deletions / write off	-	-	97,650	13,700	-	392,729	5,475,367	5,979,446
Balance as at March 31, 2014	112,601,844	361,665,737	461,553,707	3,808,365	13,094,768	21,894,880	14,203,966	988,823,267
Accumulated depreciation								
Balance as at April 1, 2012	-	64,127,777	124,730,738	1,046,139	9,207,887	7,941,361	8,399,716	215,453,618
Additions	-	15,431,580	25,863,736	223,423	2,316,544	1,606,770	2,442,363	47,884,416
Deletions / write off	-	-	11,275	50,947	3,039,214	-	909,282	4,010,718
Balance as at June 30, 2013	-	79,559,357	150,583,199	1,218,615	8,485,217	9,548,131	9,932,797	259,327,316
Balance as at July 1, 2013	-	79,559,357	150,583,199	1,218,615	8,485,217	9,548,131	9,932,797	259,327,316
Additions	-	8,978,309	15,757,318	128,704	1,281,027	978,506	1,332,564	28,456,428
Deletions / write off	-	-	14,232	2,569	-	124,406	3,471,541	3,612,748
Balance as at March 31, 2014	-	88,537,666	166,326,285	1,344,750	9,766,244	10,402,231	7,793,820	284,170,996
Net block								
As at June 30, 2013	112,601,844	282,106,380	306,538,245	2,574,023	4,598,210	12,739,478	9,746,536	730,904,716
As at March 31, 2014	112,601,844	273,128,071	295,227,422	2,463,615	3,328,524	11,492,649	6,410,146	704,652,271

Capital work in progress

Balance as at April 1, 2012	12,442,552
Additions	2,944,987
Assets capitalised during the year	-
Balance as at March 31, 2013	15,387,539
Balance as at April 1, 2013	15,387,539
Additions	-
Deletions / write off	2,944,987
Balance as at June 30, 2014	12,442,552

Notes:

- 1) Capital work-in-progress includes ₹ 574,530 paid towards registration of land measuring 0.132 acres and DP-36 land at SIDCO Industrial Estate, Thirumazhisai Chennai.

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

10 Intangible fixed assets

Particulars	Computer software	Total
Gross block		
Balance as at April 1, 2012	9,879,318	9,879,318
Additions	-	-
Deletions / write off	-	-
Balance as at June 30, 2013	9,879,318	9,879,318
Balance as at July 1, 2013	9,879,318	9,879,318
Additions	-	-
Deletions / write off	-	-
Balance as at March 31, 2014	9,879,318	9,879,318
Accumulated amortization		
Balance as at April 1, 2012	3,469,787	3,469,787
Additions	2,468,479	2,468,479
Deletions / write off	-	-
Balance as at June 30, 2013	5,938,266	5,938,266
Balance as at July 1, 2013	5,938,266	5,938,266
Additions	1,398,283	1,398,283
Deletions / write off	-	-
Balance as at March 31, 2014	7,336,549	7,336,549
Net block		
As at June 30, 2013	3,941,052	3,941,052
As at March 31, 2014	2,542,769	2,542,769

11 Deferred tax assets (net)

Particulars	As at March 31, 2014	As at June 30, 2013
Deferred tax assets		
Carried forward tax losses*	88,105,000	85,506,356
	88,105,000	85,506,356
Deferred tax liabilities		
Excess of depreciation / amortisation on fixed assets under income-tax law over depreciation / amortisation provided in accounts	88,105,000	85,506,356
	88,105,000	85,506,356
Deferred tax assets (net)	-	-

* Deferred tax asset towards carried forward tax losses has been restricted to the extent of deferred tax liabilities.

12 Long-term loans and advances

(unsecured, considered good)

Particulars	Non - current portion		Current portion *	
	As at March 31, 2014	As at June 30, 2013	As at March 31, 2014	As at June 30, 2013
To parties other than related parties				
Deposits	12,527,200	11,756,250	2,100,000	1,385,000
Balance with government authorities	3,238,206	3,284,473	-	-
Advance tax recoverable	30,147,009	29,483,514	-	-
Prepaid expenses	144,254	-	144,254	-
Total	46,056,669	44,524,237	2,244,254	1,385,000

* Amount disclosed under Short-term loans and advances'

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

13 Other non-current assets

Particulars	As at March 31, 2014	As at June 30, 2013
Bank deposits (due to mature after 12 months from the reporting date) (refer note 16)	5,000,000	48,411,842
Total	5,000,000	48,411,842
Bank deposits placed under lien with banks	5,000,000	48,411,842

14 Inventories

(valued at the lower of cost and net realisable value)

Particulars	As at March 31, 2014	As at June 30, 2013
Raw material and components	63,122,907	48,742,218
Work in progress	238,653,851	257,478,594
Finished goods	26,445,670	34,046,341
Stores and consumables	4,428,435	3,565,808
Total	332,650,863	343,832,961
Less: Provision for inventories	(12,447,368)	(3,212,000)
Total	320,203,495	340,620,961

In the period ended March 31, 2014, the write-down of inventories to net realisable value amounted to ₹ 2,061,152 (June 30,2013: ₹ 7,788,163)

15 Trade receivables

Particulars	Details	As at March 31, 2014	As at June 30, 2013
<i>Unsecured:</i>			
Receivables outstanding for a period exceeding six months from the date they became due for payment			
a) Unsecured, considered good		89,410,408	107,288,014
b) Doubtful		121,053,442	122,854,599
Less: Provision for doubtful receivables		(121,053,442)	(122,854,599)
	(A)	89,410,408	107,288,014
Other receivables			
a) Unsecured, considered good		353,685,527	238,573,641
b) Doubtful		4,583,764	19,530,903
Less: Provision for doubtful receivables		(4,583,764)	(19,530,903)
	(B)	353,685,527	238,573,641
Total	(A) + (B)	443,095,935	345,861,655

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

16 Cash and bank balances

Particulars	As at March 31, 2014	As at June 30, 2013
Cash and cash equivalents:		
Cash on hand	11,787	9,465
Cheques on hand	24,165,366	-
Bank balances		
- on current accounts (including monies held in trust) (refer note 37)	15,942,078	17,505,482
- on cash credit accounts	3,551,828	843,757
- on deposit accounts (with original maturity of 3 months or less)46)	10,000,000	40,550,000
Other bank balances	42,244,079	6,403,920
Total	95,915,138	65,312,624

Particulars	As at March 31, 2014	As at June 30, 2013
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents' (refer note a below)	10,000,000	40,550,000
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances' (refer note b below)	42,244,079	6,403,920
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 13)	5,000,000	48,411,842
Total	57,244,079	95,365,762

a) Bank deposits placed under lien with banks

-

550,000

b) Bank deposits placed under lien with banks

42,244,079

6,219,478

17 Short-term loans and advances*(unsecured, considered good)*

Particulars	As at March 31, 2014	As at June 30, 2013
Current portion of long-term loans and advances (refer note 12)		
To parties other than related parties	2,244,254	1,385,000
Other short-term loans and advances		
To parties other than related parties		
Prepaid expenses	2,191,172	1,689,080
Cenvat credit receivable	82,461,041	82,771,787
VAT receivable	3,050,970	1,291,108
Service tax credit receivable	51,133,961	37,477,170
Staff advances	2,154,780	2,210,120
Advance to suppliers	19,584,564	17,507,545
Gratuity fund	947,147	-
Others	3,580,708	9,424,252
To related parties		
Receivable from the holding company	12,657,160	5,227,320
Total	180,005,757	158,983,382

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

18 Other current assets
(unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2014	As at June 30, 2013
Interest accrued on deposits	2,335,589	6,754,321
Unbilled revenue	6,973,259	-
Fixed assets reclassified as held for sale (refer note 9)	7,747,404	7,747,404
Total	17,056,252	14,501,725

19 Revenue from operations

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Sale of products		
Manufactured goods	990,938,208	1,202,579,118
Sale of products (gross)	990,938,208	1,202,579,118
Less: Excise duty	97,030,716	94,061,488
Sale of products (net)	893,907,492	1,108,517,630
Sale of services	22,179,190	23,175,433
Other operating revenues		
Scrap sales (net of excise duty)	22,512,528	9,024,435
Total	938,599,210	1,140,717,498

Break-up of revenue from sale of products

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Finished goods		
Transformers	891,597,888	1,106,883,100
Others	2,309,604	1,634,530
Total	893,907,492	1,108,517,630

Break-up of revenue from services rendered

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Freight and insurance	13,053,735	13,116,675
Labour	9,122,955	10,024,630
Others	2,500	34,128
Total	22,179,190	23,175,433

20 Revenue from operations

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Interest income on fixed deposits with banks	4,155,523	8,277,339
Income from power generation	2,424,212	3,544,279
Liabilities / provisions no longer required written back	8,114,210	1,729,235
Miscellaneous income (Refer note below)	89,714,567	1,164,669
Total	104,408,512	14,715,522

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

21 Cost of materials consumed

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Inventory of materials at the beginning of the period	52,308,025	42,691,524
Purchases	790,823,046	1,009,333,587
Inventory of materials at the end of the period	67,551,342	52,308,025
Total	775,579,729	999,717,086

Break-up of cost of materials consumed

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
CRGO lamination	158,888,941	209,959,444
Copper	249,836,251	264,600,121
Oil	69,698,582	92,821,295
MS items	77,604,311	96,180,752
Others	219,551,644	336,155,474
Total	775,579,729	999,717,086

Breakup of inventory - materials

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
CRGO lamination	621,197	5,369,708
Copper	16,698,199	10,638,922
Oil	7,309,691	4,412,334
MS items	6,471,530	2,378,770
Others	36,450,725	29,508,291
Total	67,551,342	52,308,025

22 Changes in inventory of finished goods and work-in-progress

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Opening inventory		
Finished goods		
Transformers	34,046,341	49,485,967
Work-in-progress		
Transformers under production	257,478,594	166,625,825
	291,524,935	216,111,792
Closing inventory		
Finished goods		
Transformers	26,445,670	34,046,341
Work-in-progress		
Transformers under production	238,653,851	257,478,594
	265,099,521	291,524,935
Changes in inventory of finished goods and work-in-progress	26,425,414	(75,413,143)

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

23 Employee benefits

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Salaries, wages and bonus	94,572,118	151,757,968
Contribution to provident and other funds	5,463,733	14,495,222
Staff welfare expenses	5,559,574	9,710,664
Total	105,595,425	175,963,854

24 Finance costs

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Interest expense	102,042,614	65,745,094
Corporate guarantee charges	3,218,916	-
Total	105,261,530	65,745,094

25 Depreciation and amortisation

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Depreciation of tangible fixed assets (refer note 9)	28,456,428	47,884,416
Amortisation of intangible fixed assets (refer note 10)	1,398,283	2,468,479
Total	29,854,711	50,352,895

26 Other expenses

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Rent	195,097	478,316
Excise duty related to increase/(decrease) in inventory of finished goods	(1,927,514)	(1,200,736)
Rates and taxes	11,663,186	8,254,878
Power and fuel	17,453,740	30,646,472
Repairs and maintenance:		
- Buildings	5,785,949	11,126,953
- Plant and machinery	2,342,305	5,283,178
- Others	2,789,294	2,888,612
Contract labour	15,258,291	13,030,434
Factory expenses	5,502,776	5,813,776
Insurance	2,257,037	3,667,834
Printing and stationery	1,293,649	4,445,231

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Travelling and conveyance	14,159,448	23,026,149
Communication expenses	1,917,098	2,680,081
Professional and legal charges	16,400,045	29,811,773
Payment to auditors (refer note below)	2,502,033	2,916,635
Director's Sitting fees	320,000	732,360
Advertisement and sales promotion	2,875,927	1,891,781
Agency commission	23,833,981	33,216,741
Freight outward	20,852,622	55,197,902
Bank charges	12,037,272	11,964,649
Royalty and trade mark fees	-	4,355,118
Loss on sale of fixed assets	1,023,721	132,592
Assets written off	-	318,437
Provision for doubtful debts	(5,485,902)	76,563,351
Provision for inventories	9,235,368	770,000
Foreign exchange loss, net	18,862,911	27,711,937
Warranty cost	2,964,368	77,671,450
General expenses	4,181,683	7,445,763
Total	188,294,385	440,841,667

Note: Payment to auditors

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
As Auditor		
Statutory audit	1,450,000	1,450,000
Tax audit	350,000	350,000
Limited review of quarterly results	300,000	600,000
Other services	150,000	150,000
Reimbursement of expenses	252,033	366,635
Total	2,502,033	2,916,635

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

27 Contingent liabilities and commitments

Particulars	As at March 31, 2014	As at June 30, 2013
Contingent liabilities:		
a) Commitments in respect of Bank guarantees and Letters of credit issued by Company's bankers	343,770,763	269,913,995
b) Disputed Sales Tax / Income Tax / Service Tax / Labour case (refer Note a and b)	10,099,772	10,122,841

Notes:

- Income tax - The Company has received income-tax assessment orders raising demand of ₹ 3,669,549, ₹ 5,129,608 and ₹ 7,487,550 for AY 2005-06, 2008-09 and AY 2009-10 respectively in the earlier years. Any liability in respect of these orders will be met by the ex-promoters to the benefit of the Company.
- Sales tax - During the year 2011-2012, the Company had received sales tax assessment orders raising demand of ₹ 1,421,332 and ₹ 1,441,276 for FY 2005-06 and FY 2006-07 respectively. The Company had paid ₹ 2,500,000 (under protest) against these orders. Any liability in respect of these orders will be met by the ex-promoters to the benefit of the Company.

28 Details of imported and indigenous raw materials, components, stores and spares consumed during the financial period

Particulars	Period ended March 31, 2014		Period ended June 30, 2013	
	Value	% of total consumption	Value	% of total consumption
Imported	17,293,371	2%	11,586,992	1%
Indigenous	760,206,227	98%	988,153,951	99%
	777,499,598	100%	999,740,943	100%
Raw materials, components and stores and spares	776,860,960		999,717,086	
Stores and spares (included in repairs and maintenance - plant and machinery)	638,638		23,857	
	777,499,598		999,740,943	
Total	777,499,598	100%	999,740,943	100%

29 Value of imports on CIF basis

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Raw material and stores and spares	17,293,371	10,422,706
Capital goods	-	10,208,818
Total	17,293,371	20,631,524

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

30 Expenditure in foreign currency (on accrual basis)

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Corporate guarantee charges	3,218,916	-
Erection and commissioning	2,059,289	-
Travel	971,654	2,863,167
Warranty cost	1,791,651	71,588,648
Testing charges	1,168,006	-
Total	9,209,516	74,451,815

31 Earnings in foreign currency (on accrual basis)

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Exports on FOB basis	78,362,456	260,473,466
Total	78,362,456	260,473,466

32 Segment reporting

The Company considers its business segment as its primary segment. The Company is engaged into the business of manufacture and sale of transformers and there are not more than one reportable segment as envisaged by Accounting Standard 17. Accordingly, amounts appearing in these financial statements relates to only manufacture and sale of transformers.

Secondary segment information

The Company operates mainly in two geographical areas, India and Rest of the world. Management has reviewed those geographical areas vis-à-vis the risk and returns that encompass them. While arriving at this, management has reviewed the similarity of the economic and political conditions, relationship between operations in these geographical areas, proximity of operations, and special risks if any associated with operations in these areas.

For the period ended March 31, 2014

Particulars	India	Rest of the world	Total
Sales and service income - external revenue (gross)	837,724,226	78,362,456	916,086,682
Carrying amount of segment assets by location of assets	1,803,211,223	23,759,615	1,826,970,838
Cost to acquire tangible and intangible assets by location of customers	1,680,796	2,889,885	4,570,681

For the year ended June 30, 2013

Particulars	India	Rest of the world	Total
Sales and service income - external revenue (gross)	965,281,085	260,473,466	1,225,754,551
Carrying amount of segment assets by location of assets	1,715,052,155	53,397,578	1,768,449,733
Cost to acquire tangible and intangible assets by location of customers	5,503,382	7,631,567	13,134,949

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

33 Derivate instruments
Unhedged foreign currency exposures

Foreign currency exposures on account of trade receivables / trade payables / foreign currency loan not hedged by derivative instruments are as follows:

Particulars	As at March 31, 2014		As at June 30, 2013	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
Trade receivables				
USD	59,530	3,577,140	466,622	25,446,673
AUD	136,205	7,525,315	394,695	21,826,241
Trade payables				
USD	1,159,840	69,694,814	883,255	46,990,967
AUD	37,571	2,075,798	1,270,543	71,588,633
EURO	1,891	156,135	1,583	116,192
Loans				
USD	-	-	760,229	45,385,291

34 Dues to micro and small enterprises

Based on the information received and available, the management believes that there are no enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable, if any to such enterprises as at March 31, 2014 has been made in the financial statements based on information received and available with the Company, to the extent identified by the management and relied upon by the auditors.

35 Retirement benefits
Gratuity Plan

Based on actuarial valuation necessary provision has been created in the books to meet the liability as per Accounting Standard 15 (Revised).

The following table sets out the status of the gratuity plan as required under Accounting Standard 15 (Revised 2005). Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

Particulars	Period ended March 31, 2014	Period ended June 30, 2013
Change in projected benefit obligation		
Projected benefit obligations at the beginning of the period	14,189,547	11,389,387
Service cost	1,493,690	2,365,645
Interest cost	907,235	1,372,915
Benefits settled	(1,409,321)	(956,380)
Actuarial (gain) / loss	(2,277,077)	17,980
Projected benefit obligations at the end of the period	12,904,074	14,189,547

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

Change in plan assets		
Fair value of plan assets at the beginning of the period	12,734,991	8,505,620
Expected return on plan assets	751,850	906,970
Employer contributions	1,259,837	4,048,159
Benefits settled	(1,409,321)	(956,380)
Actuarial gain / (loss)	513,864	230,622
Fair value of plan assets at the end of the period	13,851,221	12,734,991
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefits at the end of the period	12,904,074	14,189,547
Funded status of the plan	13,851,221	12,734,991
Funded status amount of (asset)/liability recognized in the balance sheet	(947,147)	1,454,556
Disclosed in the balance sheet under:		
Long-term provision for gratuity (Refer note 5)	-	1,454,556
Short-term loans and advances (Refer note 17)	947,147	-

The components of net gratuity costs are reflected below:

Particulars	Period ended	Period ended
	March 31, 2014	June 30, 2013
Service cost	1,493,690	2,365,645
Interest cost	907,235	1,372,915
Expected returns on plan assets	(751,850)	(906,970)
Recognized net actuarial (gain) / loss	(2,790,941)	(212,642)
Net gratuity costs	(1,141,866)	2,618,948

Experience adjustment for the current and previous four years / periods:

Particulars	Period ended / Year ended				
	March 31, 2014	June 30, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	12,904,074	14,189,547	11,389,387	9,241,068	6,868,341
Plan assets	13,851,221	12,734,991	8,505,620	9,711,545	7,616,430
Surplus / (deficit)	947,147	(1,454,556)	(2,883,767)	470,477	748,089
Experience adjustments on plan liabilities	(366,604)	(1,237,619)	1,155,972	1,837,072	-
Experience adjustments on plan assets	513,864	230,622	(63,938)	(151,374)	-

Financial assumptions at balance sheet date:

Discount rate	9.05%	7.65%
Long term rate of compensation increase	7.00%	7.00%
Estimated rate of return on plan assets	8.00%	7.50%
Attrition rate	1% - 3%	1% - 3%

Notes to financial statements for the nine months period ended March 31, 2014 (continued)

(All amounts are in Indian Rupees, except share data or as stated)

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

Note:

- (i) Plan assets comprise of contribution to Group Gratuity Scheme of Life Insurance Corporation of India.
- (ii) The gratuity expenses have been recognised in 'Contribution to provident and other funds' under Note 23 to the financial statements.

36 Transfer pricing

The Company has transactions with related parties. For the financial year 2012-13, the Company has obtained the Accountant's Report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and has filed the same with the tax authorities. For the financial year 2013 -14, the management confirms that it maintains documents as prescribed by the Income-tax Act, 1961 to prove that these transactions are at arm's length considering the economic scenario, prevailing market conditions etc. and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

37 Monies held in trust

Monies held in trust amounting to INR 13,538,376, represents money transferred from the Sellers' Escrow account (ex-promoters), on behalf of Prolec GE during the year 2011-2012. The said money was transferred to the Company's account, as the holding Company had no office in India to do the documentation to transfer the funds on the date of settlement to their account in Mexico and the Escrow Account was closed in November 2011. Further, during the period ended June 30, 2013, the Company had received an amount of ₹ 1,000,000 being the security deposit paid by Prolec GE. Since, these amounts should have gone to Prolec GE, the Company is trying to remit the same to Prolec GE ever since it was received by the Company. The Company is discussing this matter with the authorised dealers / Reserve Bank of India ('RBI') and are trying to remit the amount to Prolec GE at the earliest. The entire amount of INR 14,538,376 has been kept intact (i.e. not utilised and set aside for remitting back to Prolec GE) by the Company.

38 Related party transactions

a) Names of related parties and nature of relationship are as follows:

Nature of relationship	Name of the related party
Ultimate holding company	Xignux S.A. de C.V., Mexico
Holding Company	Prolec GE Internacional, S.de R.L. de C.V., Mexico
Fellow subsidiary	Prolec S.A. de C.V., Mexico
Key management personnel	Mr. Manuel Hernandez Bravo (Manager - upto March 6, 2013; Whole-time Director - w.e.f. March 7, 2013)

b) Details of related party transactions for the period ended March 31, 2014 (June 30, 2013)

Nature of transaction	Ultimate holding company	Holding company	Fellow subsidiary	Key management personnel
Trademark license fees	- (1,042,175)	- (-)	- (1,042,175)	- (-)
Re-imburement of expenses	- (-)	88,985,019 (63,169,253)	- (-)	- (-)
Managerial remuneration	- (-)	- (-)	- (-)	1,101,760 (2,625,000)

Other income (Advance forfeiture)	- (-)	33,734,400 (-)	- (-)	- (-)
Purchases	- (-)	- (39,547)	- (-)	- (-)
Advance	- (-)	- (43,544,000)	- (-)	- (-)
Balances at year end				
Amount payable	- (10,403,634)	35,757,771 (84,281,924)	- (10,403,634)	- (-)
Amount receivable	- (-)	12,657,160 (5,227,320)	- (-)	- (-)

(figures in brackets represent previous period's figures)

As per our report of even date attached
for **B S R and Co**
Chartered Accountants
Firm Registration Number: 128510W

Rajesh Mehra
Partner
Membership No.: 103145

Place: Mumbai
Date: May 30, 2014

for and on behalf of the Board of Directors of
Indo Tech Transformers Limited

Luis Carlos Silveyra
Chairman

Manuel Hernandez Bravo
Wholetime Director

D Alwan
Chief Financial Officer and Company Secretary
Place: Chennai
Date: May 30, 2014



INDO TECH TRANSFORMERS LIMITED

Registered Office : DP-36 SIDCO Industrial Estate, Thirumazhisai, Chennai – 600 124.

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 22nd Annual General Meeting of the Company to be held on Tuesday, the 5th August, 2014 at 2.00 P.M. at Pleasant Days (Resort), Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103, and at any adjournment thereof.

Signed this.....day of..... 2014

Please affix Revenue Stamp

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 – 600 124.

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 22nd Annual General Meeting of the Company held on Tuesday, the 5th August, 2014 at 2.00 P.M. at Pleasant Days (Resort), Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103.

* Strike out whichever is not applicable.

Notes



Book Post

If undelivered please return to:

INDO TECH TRANSFORMERS LIMITED

Secretarial Department

DP-36 SIDCO Industrial Estate

Thirumazhisai

Chennai – 600 124