



Annual Report 2012 - 13

INDO TECH TRANSFORMERS LIMITED

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

CONTENTS

	Page
Company Information	2
Annual General Meeting Notice.....	3
Directors' Report	7
Report on Corporate Governance.....	10
Management Discussion & Analysis.....	15
Certification by Chief Executive Officer / Chief Financial Officer	17
Declaration on Code of Conduct.....	17
Auditors' Certification on Corporate Governance	18
Auditors' Report.....	19
Balance Sheet.....	22
Profit and Loss Account.....	23
Cash Flow Statement	24
Notes to financial statements for the year ended June 30, 2013.....	26

Board of Directors

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

Chief Financial Officer & Company Secretary

D Alwan

Auditors

B S R and Co

Registered Office

DP:36, SIDCO Industrial Estate
Thirumazhisai
Chennai 600 124

Works

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

Registrars

Link Intime India Private Limited

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

Bankers

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

NOTICE

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

Ordinary Business:

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

Special Business:

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

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

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

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

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

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

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

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

By Order of the Board

Chennai
14th August 2013

Alwan D
Company Secretary

NOTES:

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

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

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

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

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

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

ITEM NO.5

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

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

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

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

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

ITEM NO.6

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

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

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

By Order of the Board

Chennai
14th August 2013

D. Alwan
Company Secretary

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

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

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

FINANCIAL HIGHLIGHTS

Rs. in Lakhs

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

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

DIRECTORS' REPORT

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

FINANCIAL RESULTS

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

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

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

(Rupees in Lakhs)

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

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

EXTENSION OF PERIOD OF FINANCIAL YEAR AND ANNUAL GENERAL MEETING

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

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

OPERATIONS AND PERFORMANCE

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

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

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

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

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

DIRECTORS

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

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

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

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1) in the preparation of the annual accounts for the financial year ended 30th June, 2013 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2012-13 and of the Profit & Loss Account of the Company for the year under review;
- 3) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- 4) the Directors had prepared the accounts for the financial year (fifteen months period) ended 30th June, 2013 on a 'going concern basis'.

CORPORATE GOVERNANCE

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

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

AUDITORS

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

FIXED DEPOSITS

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

COST AUDITORS

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

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

The information as prescribed under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in a separate annexure [Annexure "I"], which forms a part of this Report.

PARTICULARS OF EMPLOYEES

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

POTENTIAL SICKNESS

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

DELISTING

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

INDO TECH TRANSFORMERS LIMITED

Luis Carlos Silveyra
Chairman

Manuel Hernandez Bravo
Whole time Director

Chennai,
14 August 2013

ANNEXURE I TO DIRECTORS' REPORT

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

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 of 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 under review was Rs. 2604.73 lakhs and outgo was Rs. 744.50 lakhs.

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 9 times on, 14th May 2012, 10th August, 2012 (2), 15th October 2012, 06th November 2012, 12th December 2012, 11th February 2013, 21st March 2013 and 10th May, 2013

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	5	Yes	-	2
Jorge Lozano ¹	Non-Executive	3	Yes	-	1
Manuel Hernandez Bravo ²	Whole-time Director	2	NA	-	-
Kishore Jayaraman ³	Non-Executive	0	NA	-	-
Arun Kumar Bhalla	Independent	9	Yes	-	-
Arun Kumar Srivastava	Independent	7	Yes	-	-
M. S. Srinivasan	Independent	5	-	-	2
Ajay Kumar Dhagat	Non-Executive	7	NA	-	-
Banmali Agrawala ⁵	Non-Executive	2	-	-	-

*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.

1-Resigned on 10th August 2012, 2-Appointed on 21st March 2013, 3 - Resigned on 14th May 2012, 4Appointed on 10 August 2012, 5-Appointed on 14 May 2012 and resigned on 21st March 2013 Board Meeting

Brief Resume of Directors seeking re-appointment:

A brief resume of Directors seeking re-appointment at the Twenty First Annual General Meeting is given as part of the Notice to the Twenty First 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
4	Mr. Jorge Lozano**	Member

* Inducted on 10th August 2012

** Resigned on 10th August 2012

With changes in the Board during the year, Audit Committee has been reconstituted.

Mr. Arun Bhalla is the Chief Executive – Power Business Development in Shree Cements Ltd. He was formerly the Executive Director of PTC India Limited [formerly Power Trading Company of India Limited]. He has more than 35 years of industry experience and has been associated with 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 that 12 years. Earlier, he was associated with the National Thermal Power Corporation Limited (NTPC).

Mr. Jorge Lozano has worked over 3 decades in Prolec-GE Internacional, S De R.L. De C.V., Nuevo Leon, Mexico in various capacities, before retiring as President in November 2011 and currently associated as Consultant in Prolec-GE Internacional, S De R.L. De C.V.

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 30 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 HYLSA 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 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 30th June, 2013 is given below:

Sl. No.	Name	Meetings	Meetings Attended
1	Mr. Arun Kumar Bhalla	5	5
2	Mr. Arun Kumar Srivastava	5	5
3	Mr. Jorge Lozano [#]	2	2
4	Mr. Luis Carlos Silveyra [@]	3	2

[#] Resigned on 10 August 2012[@] Appointed on 10 August 2012 Board Meeting

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
4	Mr. Banmali Agrawala [@]	Member

^{*}Appointed in the Board Meeting held on 21st March, 2013

[@] Resigned in the Board Meeting held on 21st March 2013

With changes in the Board during the year, Shareholders / Investors Grievance Committee has been reconstituted.

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 4 times on, 14th May 2012, 10th August, 2012, 06th November 2012, 11th February 2013 and 10th May 2013.

During the Financial Year ended 30th June 2013, a total of 8 complaints, were received from the shareholders. All these complaints were resolved within the financial year.

The Attendance of Directors at the Shareholders/Investors Grievance and Share Transfer Committee Meetings held during the year ended 30th June, 2013 is given below:

Sl. No.	Name	Meetings Held	Meetings Attended
1	Mr. Luis Carlos Silveyra	5	4
2	Mr. Jorge Lozano [@]	2	2
3	Mr. Ajay Kumar Dhagat ^{@@}	3	3
4	Mr. Banmali Agarwala ^{@@@}	3	1
5	Mr. Manuel Hernandez Bravo ^{@#}	1	1
6	Mr. Kishore Jayaraman [#]	1	-

[@]-Resigned on 10th August 2012, ^{@@} - Appointed on 10 August 2012, ^{@@@}Appointed on 14thMay 2012, ^{@#} - Appointed on 21st March 2013 Board meeting, [#]- Resigned on 14th May 2012

Remuneration Committee:

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

Sl. No.	Name	Category of Membership
1	Mr. M S Srinivasan	Chairman
2	Mr. Arun Kumar Bhalla	Member
3	Mr. Arun Kumar Srivatsava	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 1956. Mr. D. Alwan, Company Secretary, is the Secretary of the Committee. During the year under review the Committee had met on 10th May 2013.

The following Directors are paid sitting Fees of Rs. 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 Srivatsava
4	Mr. Ajay Kumar Dhagat

Non-executive Directors and the whole-time director has waived receiving sitting fees for both the Board and Committee meetings.

Details of sitting fees paid to Directors during the financial year 2012-13:

Rupees

Sl. No.	Name	Board Meeting	Audit Committee
1.	Mr. Arun Bhalla	180,000	100,000
2.	Mr. Arun Srivastava	140,000	100,000
3	Mr. M. S. Srinivasan	100,000	NA
4	Mr. Ajay Kumar Dhagat	140,000	NA

Whole-time director under the Companies Act, 1956

Mr. Manuel Hernandez Bravo, is the Whole-time director under the Companies Act, 1956 with effect from 21st March 2013

General Meetings:

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

Year	Date and Time	Venue
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
2009-10	23 rd July 2010 at 12.15 PM	Pleasant Days Resort Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103
No Extra-Ordinary General Meetings were held during the last three years.		
The details of Special Resolutions passed at the General Meetings necessitating postal ballot during the last 3 years is as under:		
2012	29 th November 2012, Under section 192A of Companies, Act, 1956	For approval of proposal to delist the shares of the Company from the Stock exchanges in which it is listed

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: November 5, 2013 Time: 11.00 AM 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 fifteen months from April 01, 2012 to June 30, 2013
3.	Book Closure Date	October 28, 2013 to November 5, 2013

4. Financial Calendar (tentative)	
Results for the quarter ending September 30, 2013	Second week of November 2013
Results for the quarter ending December 31, 2013	Second week of February 2014
Results for the quarter ending 31st March, 2014	Second week of May 2014
Annual General Meeting	Second week of August 2014

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 2013-2014 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
April 2012	93.00	79.50	92.35	82.00
May 2012	85.50	68.10	90.85	72.50
June 2012	87.90	72.10	87.95	75.00
July 2012	101.95	80.40	102.00	83.00
August 2012	91.95	79.00	95.00	79.10
September 2012	99.00	77.50	95.00	77.60
October 2012	149.40	88.85	148.80	88.50
November 2012	147.60	125.00	146.30	126.00
December 2012	174.00	135.35	174.50	136.05
January 2013	185.00	127.80	185.00	126.50
February 2013	121.45	76.80	120.20	76.50
March 2013	84.00	69.25	82.00	68.00
April 2013	85.00	69.80	82.85	72.00
May 2013	92.95	74.00	99.40	74.00
June 2013	83.95	71.00	83.85	70.40

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 30th June 2013

Category	No. of Shares	Percentage
Foreign Company	7,895,625	74.35
Mutual Funds	41,614	0.39
Private Corporate Bodies	550,000	5.18
Public	1,983,422	18.68
NRI's	78,072	0.74
Clearing Members	71,267	0.67
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	7694	9,687,384	91.21
CDSL	3299	932,614	8.79
Total	10,995	10,620,000	100.00

13. Plant locations

Survey No 153-210 Illuppapatu Village, Near Rajakulam, KM 64, Chennai Bangalore Highway, Kancheepuram District Tamil Nadu	DP 14-19 SIDCO Industrial Estate Thirumazhisai Chennai 600 124
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 June 30, 2013

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% of Shareholding
1 to 5000	10,927	99.38	1,626,579	15.32
5001 to 10000	26	0.23	180,821	1.70
10001 to 20000	29	0.26	416,678	3.92
20001 to 30000	4	0.04	92,787	0.87
30001 to 40000	2	0.02	62,847	0.59
40001 to 50000	3	0.03	125,114	1.18
50001 to 100000	3	0.03	219,549	2.07
Greater than 100000	1	0.01	7,895,625	74.35
TOTAL	10,995	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 April 2012 to June 2013 is furnished below:

Month	NSE Share Price		Nifty Index	
	High	Low	High	Low
Apr-12	93.00	79.50	5378.75	5154.30
May-12	85.50	68.10	5279.60	4788.95
Jun-12	87.90	72.10	5286.25	4770.35
Jul-12	101.95	80.40	5348.55	5032.40
Aug-12	91.95	79.00	5448.60	5164.65
Sep-12	99.00	77.50	5735.15	5215.70
Oct-12	149.40	88.85	5815.35	4888.20
Nov-12	147.60	125.00	5885.25	5548.35
Dec-12	174.00	135.35	5965.15	5823.15
Jan-13	185.00	127.80	6111.80	5935.20
Feb-13	121.45	76.80	6052.95	5671.90
Mar-13	84.00	69.25	5971.20	5604.85
Apr-13	85.00	69.80	5962.30	5477.20
May-13	92.95	74.00	6229.45	5910.95
Jun-13	83.95	71.00	6011.00	5566.25

Adoption of Non-Mandatory Requirements of Clause 49

1. 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 : 14th August 2013

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

Economic uncertainties prevailed in the domestic market during the past year. Our product portfolio focuses mostly on domestic industrial and infrastructure sectors, which are key enablers of the Indian economy. There is a strong linkage between our products and the state of the Indian economy. During the previous year, low growth, high inflation and the burgeoning fiscal deficit impaired business confidence and resulted in low capital formation. The growth in the Index of Industrial Production (IIP) witnessed a slowdown to 0.9% driven by infrastructure and input constraints. Further, the latest consensus on the estimates of the country's GDP growth for the current year has been revised downward and the current estimate is around 5.5%. Scarcity of power, coal, natural gas and interruptions to mining activities has been a major constraining factor for industrial growth. This has resulted in under performances across the board.

Power Sector is suffering due to indecisions by policy makers on Coal for Thermal Sector growth. Nuclear Power has also suffered a setback as land acquisitions have been politicized. We see a growth in the Renewables Segment (Solar and Wind), but these cannot be sufficient drivers for demand growth and hence the overall power sector has been suffering.

The T&D market has continued to be fiercely competitive. Suppliers are willing to offer much lower prices to bag orders and maintain throughput across the production lines which is hurting the profitability. The whole transformer Industry is suffering and profits are declining and increases in operational losses are visible in Financials of the Companies Operating in the Industry. This may force companies to take a path of cost reductions, lower production in expectation of better prices.

The uncertain economic environment could hamper timely project completion and payments. The company will continue to be prudent about its product portfolio and our focus on

execution quality and timely completion will continue in the future. Our Strategy remains to cut costs look for improved margins and better payment terms and look to exports, where margins are better. We remain optimistic that 20% of our planned production will have export orders.

OPPORTUNITIES, THREATS AND RISKS

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

The company has started focusing on the private players in the domestic market to ensure better terms and lower cost of doing business. This shift has meant that we are now more dependent on the industrial growth in the country. We expect a stimulus from the Government for infrastructure growth, which can revive the demand for cement and steel, which is a key focus area for us. In addition Renewables energy segment continues to be a focus area. We continue to leverage our parent companies' expertise in the Renewables segment. These measures are expected to impact our margins positively. In addition, cash will continue to remain a key focus and manufacture and supply of compliant equipment is expected to improve price realizations for the products of the company.

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
- Delayed payments from utility customers due to cash constraints
- Power shortage in Tamil Nadu

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 June 30, 2013:

(Rs. in lakhs)

Sources of Revenue	FY2013	FY2012	FY2011
Sale of Transformers	11,085.17	11,162.01	12,271.38
Other Income	469.16	409.60	145.37
Total Revenue	11,554.33	11,571.61	12,416.75

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 June 30, 2013:

(Rs. in lakhs)

Expenditure Head	FY2013	FY2012	FY2011
Raw Material consumed	9,243.04	10,302.31	9,345.48
Employees Remuneration	1,759.64	1,525.54	1,655.36
Manufacturing, Selling and Administrative expenses	4,408.41	2,962.24	2,287.73
Finance Cost	657.45	368.17	151.74
Depreciation	503.53	411.71	379.98
Total	16,572.07	15,569.97	13,820.29

BUSINESS OVERVIEW AND OUTLOOK

Unfavorable business conditions are likely to continue in the current year. Overcapacity among the incumbents and intense competition will result in pricing pressures. With elections coming up in the near future, uncertainties in the market place will continue to be high. 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 may not be optimistic on business environment in short term but our actions taken will reduce bleeding and we will remain focused on cash. General Elections are due in mid-2014 and employment generation will remain focus area of any Government that comes in and is expected to trigger economic revival and hence our optimism 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

(Rs. in lakhs)

Particulars	Year ended 30-Jun-13	Year ended 31-Mar-12
Total Revenue	11,554.33	11,571.61
Operating Profit (EBDIT)	(3,856.76)	(3,218.48)
Profit Before Tax (PBT)	(5,017.74)	(3,998.36)
Profit After Tax (PAT)	(5,017.74)	(3,998.36)

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 ending 30th June 2013, 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 30th June 2013, 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 : 14th August 2013

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 (15 months) ended 30th June 2013, 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 : 14th August, 2013

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 fifteen months period ended June 30, 2013 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

Zubin Shekary

Partner

Membership No. 048814

Place: Hyderabad

Date: August 14, 2013

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 June 30, 2013, the statement of profit and loss and the cash flow statement for the fifteen month 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'). 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. 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 June 30, 2013;

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

(c) in the case of the cash flow statement, of the cash flows for the fifteen 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 current 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.

Report on other legal and regulatory requirements

- 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.
- As required by section 227(3) of the Act, we report that:
 - 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;
 - 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;
 - 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;
 - 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; and
 - On the basis of written representations received from the directors as at June 30, 2013, and taken on record by the board of directors, we report that none of the directors is disqualified as at June 30, 2013, 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

Zubin Shekary

Partner

Membership No. 048814

Place:

Date: August 14, 2013

Annexure to the Independent Auditors' Report to the Members of Indo Tech Transformers Limited for the fifteen months period ended June 30, 2013

(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 1-23 days and income tax deductible at source estimated at Rs.12.96 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 Rs.11.15 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 June 30, 2013 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 year.*

- (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) In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- (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 Rs. 594 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 Companies Act, 1956.
- (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

Zubin Shekary
 Partner
 Membership No.: 048814

Place:
 Date: August 14, 2013

Appendix I to the Independent Auditors' Report to the Members of Indo Tech Transformers Limited for the fifteen months period ended June 30, 2013 (continued)

(Referred to in our report of even date)

Name of the statute	Nature of the dues	Amount (Rs.)	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 Excise Act, 1944	Excise duty	151,772	FY 2008-09	Assistant Commissioner of Central Excise, Chennai
The Central Sales Tax Act, 1956	Central sales tax	441,618	FY 1996-97	Madras High Court
TNGST, 1959	Penalty	15,607	FY 1996-97	Appellate Assistant Commission
The Central Sales Tax Act, 1956	Central sales tax	361,608^	FY 2005-06 FY 2006-07	Assistant Commissioner of Commercial Taxes, Chennai
Income-tax Act, 1961	Income tax	24,500,650	AY 2005-06, 2006-07, 2008-09, 2009-10, 2010-11	Commissioner of Income Tax (Appeals)
Tamilnadu VAT Act, 2006	Sales tax	1,340,459@	AY 2006-07, 2007-08, 2008-09, 2009-10	Appellant Deputy Commissioner of Commercial Taxes

* net of Rs. 1,272,500 paid under protest

^ net of Rs. 2,500,000 paid under protest

@ net of Rs. 554,793 paid under protest

Balance Sheet as at June 30, 2013

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

	Note	As at June 30, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	106,200,000	106,200,000
Reserves and surplus	4	142,972,952	644,747,385
		249,172,952	750,947,385
Non-current liabilities			
Long-term provisions	5	8,060,499	10,076,365
		8,060,499	10,076,365
Current liabilities			
Short-term borrowings	6	806,719,370	521,463,783
Trade payables	7	457,066,989	369,752,388
Other current liabilities	8	241,661,423	96,414,831
Short-term provisions	5	5,768,500	11,285,336
		1,511,216,282	998,916,338
Total		1,768,449,733	1,759,940,088
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	9	730,904,716	766,742,990
Intangible fixed assets	10	3,941,052	6,409,531
Capital work-in-progress	9	15,387,539	12,442,552
Deferred tax assets (net)	11	-	-
Long-term loans and advances	12	44,524,237	37,382,085
Other non-current assets	13	48,411,842	53,461,307
		843,169,386	876,438,465
Current assets			
Inventories	14	340,620,961	256,361,316
Trade receivables	15	345,861,655	340,978,425
Cash and bank balances	16	65,312,624	36,314,724
Short-term loans and advances	17	158,983,382	217,552,184
Other current assets	18	14,501,725	32,294,974
		925,280,347	883,501,623
Total		1,768,449,733	1,759,940,088
Significant accounting policies	2		

As per our report of even date attached

for **B S R and Co**

Chartered Accountants

Firm Registration Number: 128510W

Zubin Shekary

Partner

Membership No.: 048814

Place: Hyderabad

Date: August 14, 2013

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: August 14, 2013

Statement of Profit and Loss for the fifteen months period ended June 30, 2013

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

	Note	Period ended June 30, 2013	Year ended March 31, 2012
Revenue from operations			
Sale of products (gross)	19	1,202,579,118	1,218,675,601
Less: Excise duty		94,061,488	102,474,626
Sale of products (net)		1,108,517,630	1,116,200,975
Sale of services		23,175,433	19,923,460
Other operating revenues		9,024,435	10,737,237
Total		1,140,717,498	1,146,861,672
Other income	20	14,715,522	10,298,868
Total revenue		1,155,433,020	1,157,160,540
Expenses			
Cost of materials consumed	21	999,717,086	1,078,348,982
Changes in inventories of finished goods and work-in-progress	22	(75,413,143)	(48,118,219)
Employee benefits	23	175,963,854	152,554,195
Finance costs	24	65,745,094	36,817,168
Depreciation and amortization	25	50,352,895	41,171,608
Other expenses	26	440,841,667	296,223,501
Total expenses		1,657,207,453	1,556,997,235
Loss before tax		(501,774,433)	(399,836,695)
Tax expense:		-	-
Loss for the period		(501,774,433)	(399,836,695)
Earnings per equity share:			
- Basic		(47.25)	(37.65)
- Diluted		(47.25)	(37.65)
Weighted average number of equity shares outstanding during the period		10,620,000	10,620,000
Nominal value of equity shares (Rs.)		10	10

Significant accounting policies

2

The notes referred to above form an intergral 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

Zubin Shekary

Partner

Membership No.: 048814

Place: Hyderabad

Date: August 14, 2013

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: August 14, 2013

Cash Flow Statement for the fifteen months period ended June 30, 2013

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

	Note	Period ended June 30, 2013	Year ended March 31, 2012
Cash flows from operating activities			
Loss before tax		(501,774,433)	(399,836,695)
<i>Adjustments:</i>			
Depreciation / amortization		50,352,895	41,171,608
Loss on sale of fixed assets		132,592	285,901
Assets written off		318,437	535,947
Bad debts written off		-	2,730,374
Provision for doubtful debts		76,563,351	31,393,001
Profit on sale of investments		-	(68,516)
Interest income		(8,277,339)	(4,557,786)
Foreign exchange (gain) / loss, net (unrealised)		5,867,005	5,881,801
Liabilities / provisions no longer required written back		(1,729,235)	(2,281,721)
Provision for inventories		770,000	-
Provision for warranty		2,027,512	(3,386,338)
Finance costs		65,745,094	36,817,168
Operating cash flow before working capital changes		(310,004,121)	(291,315,256)
(Increase) / decrease in inventories		(85,029,645)	8,514,761
(Increase) / decrease in trade receivables		(79,380,224)	(85,370,327)
(Increase) / decrease in loans and advances and other assets		75,998,329	(167,943,692)
Increase / (decrease) in trade payables, other liabilities and provisions		217,906,253	154,724,745
Cash generated from operations		(180,509,408)	(381,389,769)
Income taxes paid		1,039,730	479,588
Net cash used by operating activities	(A)	(181,549,138)	(381,869,357)
Cash flows from investing activities			
Purchase of fixed assets		(6,092,691)	(23,572,295)
Proceeds from sale of fixed assets		637,778	1,212,998
Proceeds from sale of investments		-	82,916
Interest received		7,588,104	1,158,195
Bank deposits (having original maturity of more than three months), net		(6,403,920)	-
Net cash used by investing activities	(B)	(4,270,729)	(21,118,186)

Cash Flow Statement for the fifteen months period ended June 30, 2013 (continued)

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

Note	Period ended June 30, 2013	Year ended March 31, 2012
Cash flows from financing activities		
Proceeds from borrowings, net	280,633,775	417,818,619
Repayment of finance lease, net	(1,472,846)	(3,500,568)
Repayment of sales tax deferral loan	(7,689,763)	(5,261,569)
Finance costs paid	(63,057,319)	(36,254,258)
Net cash provided by financing activities	(C) 208,413,847	372,802,224
Net increase/(decrease) in cash and cash equivalents	(A+B+C) 22,593,980	(30,185,319)
Cash and cash equivalents at the beginning of the period (see note below)	36,314,724	66,500,043
Cash and cash equivalents at the end of the period (see note below)	58,908,704	36,314,724

Notes to cash flow statement
Components of cash and cash equivalents:

	As at June 30, 2013	As at March 31, 2012
- Cash on hand	9,465	62,204
- Cheques on hand	-	49,000
- Balances with banks		
- on current accounts (including monies held in trust)	17,505,482	17,134,827
- on cash credit accounts	843,757	19,068,693
- on deposit accounts (with original maturity of 3 months or less)	40,550,000	-
	58,908,704	36,314,724

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

Zubin Shekary
Partner
Membership No.: 048814

Place: Hyderabad
Date: August 14, 2013

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: August 14, 2013

Notes to financial statements for the fifteen months period ended June 30, 2013

(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 and 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 on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, 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 fifteen months period ended June 30, 2013 has been impacted due to the fall in demand from the Company's customers, incremental interest cost, increased freight and warranty costs and other adverse market conditions. As a result, the accumulated losses as at June 30, 2013 have significantly eroded the net worth of the Company. Accordingly, the Company is in the process of intimating 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 in the period subsequent to June 30, 2013. Also, the Company has initiated various steps to improve its operational performance and liquidity. Based on the current 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. 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.

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.

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

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 Rs. 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:

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)

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

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 and on restatement of monetary assets and liabilities are recognized in the statement of profit and loss of the year.

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 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.

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

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

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 fifteen months period ended June 30, 2013 (continued)

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

3 Share capitala **The details of authorised, issued, subscribed and paid up share capital is as under:**

Particulars	As at June 30, 2013	As at March 31, 2012
Authorised 15,300,000 (March 31, 2012: 15,300,000) Equity Shares of Rs.10 each	153,000,000	153,000,000
Issued, subscribed and paid up 10,620,000 (March 31, 2012: 10,620,000) Equity Shares of Rs.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 June 30, 2013		As at March 31, 2012	
	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 June 30, 2013, 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 June 30, 2013		As at March 31, 2012	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 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 June 30, 2013		As at March 31, 2012	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of Rs. 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 June 30, 2013	As at March 31, 2012
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	69,023,255	468,859,950
Loss for the period	(501,774,433)	(399,836,695)
	(432,751,178)	69,023,255
Total reserves and surplus	142,972,952	644,747,385

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

5 Provisions

Particulars	Long-term		Short-term	
	As at June 30, 2013	As at March 31, 2012	As at June 30, 2013	As at March 31, 2012
Provision for employee benefits				
Gratuity (Refer note 36)	1,454,556	2,883,767	-	-
Compensated absences	563,257	692,419	118,530	155,872
	2,017,813	3,576,186	118,530	155,872
Other provisions				
Provision for warranty	6,042,686	6,500,179	4,232,653	5,802,672
Provision for others	-	-	1,417,317	5,326,792
	6,042,686	6,500,179	5,649,970	11,129,464
Total	8,060,499	10,076,365	5,768,500	11,285,336

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

Particulars	Warranty		Others	
	As at June 30, 2013	As at March 31, 2012	As at June 30, 2013	As at March 31, 2012
At the commencement of the period	12,302,851	8,916,513	5,326,792	9,300,428
Provision made during the period	5,398,030	5,249,866	-	-
Provision utilised the period	-	-	2,377,583	3,973,636
Unutilised provision written back during the period	7,425,542	1,863,528	1,531,892	-
At the end of the period	10,275,339	12,302,851	1,417,317	5,326,792

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 June 30, 2013	As at March 31, 2012
Loans repayable on demand - from banks		
Export preshipment credit in foreign currency (unsecured)	45,385,291	188,946,533
Foreign currency loans (unsecured)	-	332,517,250
Working capital demand loan (unsecured)	612,000,000	-
Cash credit facility (unsecured)	146,945,303	-
Cash credit facility (secured)	2,388,776	-
Total	806,719,370	521,463,783

- i) Export shipment credit from Citibank carry interest of 3.8994% per annum computed on a monthly basis and are repayable on demand.
- ii) Foreign currency loan from Citibank carried interest of 4.81% per annum computed on a monthly basis and was repaid on January 23, 2013.
- iii) Working capital demand loan from banks carry interest ranging between 11.35% - 12% per annum on a monthly basis, and are repayable on demand.
- iv) Cash credit facility from Citibank (unsecured) carry interest of 12% per annum computed on a monthly basis on the actual amount utilised, and are repayable on demand.
- v) Cash credit facility from State Bank of India (secured) carry 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 fifteen months period ended June 30, 2013 (continued)

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

7 Trade payables

Particulars	As at June 30, 2013	As at March 31, 2012
Trade payables	457,066,989	369,752,388
Total	457,066,989	369,752,388

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

8 Other current liabilities

Particulars	As at June 30, 2013	As at March 31, 2012
Current maturities of long-term debt		
Sales tax deferral loan (Refer note below)	-	7,689,763
Current maturities of finance lease obligations (Refer note below)	-	1,472,846
Interest accrued but not due on borrowings	3,398,326	710,551
Payable towards capital goods	11,178,681	-
Amount liable to be deposited in Investor Education and Protection Fund but not yet due for deposit		
Unpaid dividend	644,412	645,611
Advance from customers	101,209,170	52,038,315
Employees benefits payable	9,296,184	7,173,063
Forward contract payable, net	-	14,256,450
Other liabilities	6,821,302	12,428,232
Payable towards sales return	109,113,348	-
Total	241,661,423	96,414,831

The sales tax deferral loan was repayable in the 10th year from the date of availment of loan along with the tax liability for the corresponding month. The last instalment was paid during the period.

Assets acquired under finance lease were secured by hypothecation of assets. The loan was repayable in 36 monthly instalments starting from the date of loan. The loans were taken in the month of August 2009 and November 2009 and was repaid fully during the period. Refer note 34.

Notes to financial statements for the fifteen months period ended June 30, 2013 (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 (refer note 2 below)	Vehicles (refer note 2 below)	Total
Gross block								
Balance as at April 1, 2011	116,871,344	364,416,669	398,226,335	3,708,612	14,580,118	21,352,639	22,798,795	941,954,512
Additions	-	709,017	51,438,361	157,284	1,425,648	86,055	-	53,816,365
Deletions / write off	271,500	-	2,013,433	-	-	-	1,519,787	3,804,720
Reclassification to assets held for sale (refer note 18)	3,998,000	3,638,031	1,874,624	5,903	70,541	141,476	40,974	9,769,549
Balance as at March 31, 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
Balance as at April 1, 2012								
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
Accumulated depreciation								
Balance as at April 1, 2011	-	52,797,416	104,815,455	864,249	7,435,280	6,701,973	7,221,676	179,836,049
Additions	-	12,284,208	21,843,423	182,452	1,831,083	1,282,437	1,985,984	39,409,587
Deletions / write off	-	-	1,000,939	-	-	-	768,934	1,769,873
Reclassified to assets held for sale (refer note 18)	-	953,847	927,201	562	58,476	43,049	39,010	2,022,145
Balance as at March 31, 2012	-	64,127,777	124,730,738	1,046,139	9,207,887	7,941,361	8,399,716	215,453,618
Balance as at April 1, 2012								
Additions during the period	-	15,431,580	25,863,736	223,423	2,316,544	1,606,770	2,442,363	47,884,416
Deletions / write off during the period	-	-	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
Net block								
As at March 31, 2012	112,601,844	297,359,878	321,045,901	2,813,854	6,727,338	13,355,857	12,838,318	766,742,990
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

Capital work in progress

Balance as at April 1, 2011	46,954,768
Additions	6,378,696
Assets capitalised during the year	40,890,912
Balance as at March 31, 2012	12,442,552
Balance as at April 1, 2012	
Additions	2,944,987
Deletions / write off	-
Balance as at June 30, 2013	15,387,539

Notes:

- Capital work-in-progress includes Rs. 574,530 paid towards registration of land measuring 0.132 acres and DP-36 land at SIDCO Industrial Estate, Thirumazhisai Chennai.
- The gross and net carrying amount of assets acquired under finance lease and included in above is as follows:

Particulars	As at June 30, 2013		As at March 31, 2012	
	Gross block	Accumulated depreciation	Gross block	Accumulated depreciation
Vehicles	-	-	9,718,639	1,972,858
Total	-	-	9,718,639	1,972,858
				Net block
				7,745,781

Notes to financial statements for the fifteen months period ended June 30, 2013 (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, 2011	5,611,172	5,611,172
Additions	4,268,146	4,268,146
Deletions / write off	-	-
Balance as at March 31, 2012	9,879,318	9,879,318
Balance as at April 1, 2012		
Additions	-	-
Deletions / write off	-	-
Balance as at June 30, 2013	9,879,318	9,879,318
Accumulated amortization		
Balance as at April 1, 2011	1,707,766	1,707,766
Additions	1,762,021	1,762,021
Deletions / write off	-	-
Balance as at March 31, 2012	3,469,787	3,469,787
Balance as at April 1, 2012		
Additions	2,468,479	2,468,479
Deletions / write off	-	-
Balance as at June 30, 2013	5,938,266	5,938,266
Net block		
As at March 31, 2012	6,409,531	6,409,531
As at June 30, 2013	3,941,052	3,941,052

11 Deferred tax assets (net)

Particulars	As at June 30, 2013	As at March 31, 2012
Deferred tax assets		
Carried forward tax losses*	85,506,356	78,809,096
	85,506,356	78,809,096
Deferred tax liabilities		
Excess of depreciation / amortisation on fixed assets under income-tax law over depreciation / amortisation provided in accounts	85,506,356	78,809,096
	85,506,356	78,809,096
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 June 30, 2013	As at March 31, 2012	As at June 30, 2013	As at March 31, 2012
To parties other than related parties				
Deposits	11,756,250	8,938,301	1,385,000	4,813,000
Balance with government authorities	3,284,473	-	-	-
Advance tax recoverable	29,483,514	28,443,784	-	-
Total	44,524,237	37,382,085	1,385,000	4,813,000

* Amount disclosed under Short-term loans and advances'

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

13 Other non-current assets

Particulars	As at June 30, 2013	As at March 31, 2012
Bank deposits (due to mature after 12 months from the reporting date) (refer note 16)	48,411,842	53,461,307
Total	48,411,842	53,461,307
Bank deposits placed under lien with banks	48,411,842	53,461,307

14 Inventories

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

Particulars	As at June 30, 2013	As at March 31, 2012
Raw material and components	48,742,218	39,773,141
Work in progress	257,478,594	166,625,825
Finished goods	34,046,341	49,485,967
Stores and consumables	3,565,808	2,918,383
Total	343,832,961	258,803,316
Less: Provision for inventories	(3,212,000)	(2,442,000)
Total	340,620,961	256,361,316

In the period ended June 30, 2013, the write-down of inventories to net realisable value amounted to Rs. 7,788,163 (March 31, 2012: Rs. 4,979,469)

15 Trade receivables

Particulars	Details	As at June 30, 2013	As at March 31, 2012
<i>Unsecured:</i>			
Receivables outstanding for a period exceeding six months from the date they became due for payment			
a) Unsecured, considered good		107,288,014	131,844,360
b) Doubtful		122,854,599	57,585,067
Less: Provision for doubtful receivables		(122,854,599)	(57,585,067)
	(A)	107,288,014	131,844,360
Other receivables			
a) Unsecured, considered good		238,573,641	209,134,065
b) Doubtful		19,530,903	9,069,589
Less: Provision for doubtful receivables		(19,530,903)	(9,069,589)
	(B)	238,573,641	209,134,065
Total	(A) + (B)	345,861,655	340,978,425

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

16 Cash and bank balances

Particulars	As at June 30, 2013	As at March 31, 2012
Cash and cash equivalents:		
Cash on hand	9,465	62,204
Cheques on hand	-	49,000
Bank balances		
- on current accounts (including monies held in trust) (refer note 38)	17,505,482	17,134,827
- on cash credit accounts	843,757	19,068,693
- on deposit accounts (with original maturity of 3 months or less)	40,550,000	-
Other bank balances	6,403,920	-
Total	65,312,624	36,314,724
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents' (refer note a below)	40,550,000	-
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances' (refer note b below)	6,403,920	-
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 13)	48,411,842	53,461,307
Total	95,365,762	53,461,307
a) Bank deposits placed under lien with banks	550,000	-
b) Bank deposits placed under lien with banks	6,219,478	-

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

Particulars	As at June 30, 2013	As at March 31, 2012
Current portion of long-term loans and advances (refer note 12)		
To parties other than related parties	1,385,000	4,813,000
Other short-term loans and advances		
To parties other than related parties		
Prepaid expenses	1,689,080	5,545,446
Cenvat credit receivable	82,771,787	54,849,151
VAT receivable	1,291,108	3,129,864
Service tax credit receivable	37,477,170	34,809,247
Balance with government authorities	-	2,625,803
Staff advances	2,210,120	1,914,824
Advance to suppliers	17,507,545	9,373,858
Others	9,424,252	6,350,154
To related parties		
Receivable from the holding company	5,227,320	94,140,837
Total	158,983,382	217,552,184

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

Particulars	As at June 30, 2013	As at March 31, 2012
Interest accrued on deposits	6,754,321	6,065,086
Unbilled revenue	-	581,111
Unamortised premium on forward contract	-	17,901,373
Fixed assets reclassified as held for sale (refer note 9)	7,747,404	7,747,404
Total	14,501,725	32,294,974

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

19 Revenue from operations

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Sale of products		
Manufactured goods	1,202,579,118	1,218,675,601
Sale of products (gross)	1,202,579,118	1,218,675,601
Less: Excise duty	94,061,488	102,474,626
Sale of products (net)	1,108,517,630	1,116,200,975
Sale of services	23,175,433	19,923,460
Other operating revenues		
Scrap sales (net of excise duty)	9,024,435	10,737,237
Total	1,140,717,498	1,146,861,672

Break-up of revenue from sale of products

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Finished goods		
Transformers	1,106,883,100	1,105,126,077
Others	1,634,530	11,074,898
Total	1,108,517,630	1,116,200,975

Break-up of revenue from services rendered

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Freight and insurance	13,116,675	17,318,138
Labour	10,024,630	159,904
Others	34,128	2,445,418
Total	23,175,433	19,923,460

20 Other income

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Interest income on fixed deposits with banks	8,277,339	4,557,786
Income from power generation	3,544,279	2,649,767
Net gain on sale of investments	-	68,516
Liabilities / provisions no longer required written back	1,729,235	2,281,721
Miscellaneous income	1,164,669	741,078
Total	14,715,522	10,298,868

21 Cost of materials consumed

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Inventory of materials at the beginning of the period	42,691,524	100,782,504
Purchases	1,009,333,587	1,020,258,002
Inventory of materials at the end of the period	52,308,025	42,691,524
Total	999,717,086	1,078,348,982

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

Break-up of cost of materials consumed

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
CRGO lamination	209,959,444	261,409,473
Copper	264,600,121	322,958,326
Oil	92,821,295	108,138,027
MS items	96,180,752	92,218,353
Others	336,155,474	293,624,803
Total	999,717,086	1,078,348,982

Breakup of inventory - materials

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
CRGO lamination	5,369,708	3,716,979
Copper	10,638,922	10,415,939
Oil	4,412,334	6,303,162
MS items	2,378,770	1,154,154
Others	29,508,291	21,101,290
Total	52,308,025	42,691,524

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

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Opening inventory		
Finished goods		
Transformers	49,485,967	-
Work-in-progress		
Transformers under production	166,625,825	167,993,573
	216,111,792	167,993,573
Closing 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
Changes in inventory of finished goods and work-in-progress	(75,413,143)	(48,118,219)

23 Employee benefits expense

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Salaries, wages and bonus	151,757,968	126,957,134
Contribution to provident and other funds	14,495,222	14,307,137
Staff welfare expenses	9,710,664	11,289,924
Total	175,963,854	152,554,195

24 Finance costs

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Interest expense	65,745,094	36,817,168
Total	65,745,094	36,817,168

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

25 Depreciation and amortisation

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Depreciation of tangible fixed assets (refer note 9)	47,884,416	39,409,587
Amortisation of intangible fixed assets (refer note 10)	2,468,479	1,762,021
Total	50,352,895	41,171,608

26 Other expenses

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Rent	478,316	139,550
Excise duty related to increase/(decrease) in inventory of finished goods	(1,200,736)	5,418,624
Rates and taxes	8,254,878	5,673,581
Power and fuel	30,646,472	22,370,801
Repairs and maintenance:		
- Buildings	11,126,953	9,111,754
- Plant and machinery	5,283,178	3,653,065
- Others	2,888,612	2,178,905
Contract labour	13,030,434	8,858,208
Factory expenses	5,813,776	11,439,701
Insurance	3,667,834	2,799,572
Printing and stationery	4,445,231	2,806,569
Travelling and conveyance	23,026,149	14,587,766
Communication expenses	2,680,081	3,022,552
Professional and legal charges	29,811,773	30,314,213
Payment to auditors (refer note below)	2,916,635	2,140,500
Director's Sitting fees	732,360	320,000
Advertisement and salespromotion	1,891,781	1,799,633
Agency commission	33,216,741	41,036,534
Freight outward	55,197,902	32,057,207
Bank charges	11,964,649	10,792,313
Royalty and trade mark fees	4,355,118	28,441,126
Loss on sale of fixed assets	132,592	285,901
Assets written off	318,437	535,947
Bad debts written off	-	2,730,374
Provision for doubtful debts	76,563,351	31,393,001
Provision for inventories	770,000	-
Foreign exchange loss, net	27,711,937	12,314,240
Warranty cost	77,671,450	3,405,658
General expenses	7,445,763	6,596,206
Total	440,841,667	296,223,501

Note: Payment to auditors

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
As Auditor		
Statutory audit	1,450,000	1,100,000
Tax audit	350,000	250,000
Limited review of quarterly results	600,000	450,000
Other services	150,000	150,000
Reimbursement of expenses	366,635	190,500
Total	2,916,635	2,140,500

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

27 Contingent liabilities and commitments

Particulars	As at June 30, 2013	As at March 31, 2012
Contingent liabilities:		
a) Commitments in respect of Bank guarantees and Letters of credit issued by Company's bankers	269,913,995	371,267,421
b) Penalty levied by Joint Director General of Foreign Trade, Chennai (JDGFT)	-	Refer Note a below
c) Disputed Sales Tax / Income Tax / Service Tax / Labour case (refer Note b and c)	10,122,841	36,613,305
Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	-	253,280

Notes:

- a Export obligations - A demand of Rs. 29,395,120 was raised in an earlier year, by JDGFT, Chennai towards non-compliance of certain export obligation. The Company made a provision of Rs. 7,500,000 towards this demand, of which, Rs. 6,351,219 was paid during the year. The excess provision not required has been written back during the period. The Company has received the Redemption letter dated September 27, 2012 from JDGFT and dated September 28, 2012 from Customs authorities.
- b Income tax - The Company has received income-tax assessment orders raising demand of Rs. 7,487,550 for AY 2009-10 during the year ended March 31, 2012 and Rs. 3,669,549 and Rs. 5,129,608 for AY 2005-06 and AY 2008-09 respectively in the earlier period. Any liability in respect of these orders will be met by the ex-promoters to the benefit of the Company.
- c Sales tax - During the year 2011-2012, the Company had received sales tax assessment orders raising demand of Rs. 1,420,332 and Rs. 1,441,276 for FY 2005-06 and FY 2006-07 respectively. The Company had provided Rs. 383,528 in the books and had also paid Rs. 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 June 30, 2013		Year ended March 31, 2012	
	Value	% of total consumption	Value	% of total consumption
Imported	11,586,992	1%	54,498,773	5%
Indigenous	988,153,951	99%	1,023,912,391	95%
	999,740,943	100%	1,078,411,164	100%
Raw materials, components and stores and spares	999,717,086		1,078,348,982	
Stores and spares (included in repairs and maintenance - plant and machinery)	23,857		62,182	
	999,740,943	-	1,078,411,164	-
Total	999,740,943	100%	1,078,411,164	100%

29 Value of imports on CIF basis

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Raw material and stores and spares	10,422,706	22,303,179
Capital goods	10,208,818	-
Total	20,631,524	22,303,179

30 Expenditure in foreign currency (on accrual basis)

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Service charges	-	264,915
Royalty	-	733,363
Travel	2,863,167	1,071,592
Warranty cost	71,588,648	-
Total	74,451,815	2,069,870

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

31 Earnings in foreign currency (on accrual basis)

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Exports on FOB basis	260,473,466	93,353,795
Total	260,473,466	93,353,795

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 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

For the year ended March 31, 2012

Particulars	India	Rest of the world	Total
Sales and service income - external revenue (gross)	1,145,245,266	93,353,795	1,238,599,061
Carrying amount of segment assets by location of assets	1,605,809,883	154,130,205	1,759,940,088
Cost to acquire tangible and intangible assets by location of customers	58,084,511	-	58,084,511

33 Derivate instruments
I Outstanding derivative instruments

Particulars	Currency hedged	As at June 30, 2013	As at March 31, 2012
Forward exchange contracts			
to hedge foreign currency loan	USD	-	346,773,700
to hedge interest payable on foreign currency loan	USD	-	13,520,961

II 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 June 30, 2013		As at March 31, 2012	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
Trade receivables				
USD	466,622	25,446,673	1,175,632	60,141,202
AUD	394,695	21,826,241	-	-
Trade payables				
USD	883,255	46,990,967	163,296	8,353,635
AUD	1,270,543	71,588,633	-	-
EURO	1,583	116,192	-	-
Loans				
USD	760,229	45,385,291	3,856,796	188,946,533

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

34 Outstanding lease obligations**Finance lease obligations**

Particulars	As at June 30, 2013	As at March 31, 2012
Future minimum lease payments		
Not later than one year	-	1,472,846
Later than one year and not later than five years	-	-
Total	-	1,472,846
Less: Amounts representing future interest	-	32,334
Present value of minimum lease payments	-	1,440,512
Less: Amounts due not later than one year	-	-
Amounts due not later than one year and not later than five years	-	1,440,512

35 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 June 30, 2013 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.

36 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 June 30, 2013	Year ended March 31, 2012
Change in projected benefit obligation		
Projected benefit obligations at the beginning of the period	11,389,387	9,091,678
Service cost	2,365,645	1,820,746
Interest cost	1,372,915	872,994
Benefits settled	(956,380)	(2,040,305)
Actuarial (gain) / loss	17,980	1,644,274
Projected benefit obligations at the end of the period	14,189,547	11,389,387
Change in plan assets		
Fair value of plan assets at the beginning of the period	8,505,620	9,711,545
Expected return on plan assets	906,970	898,318
Employer contributions	4,048,159	-
Benefits settled	(956,380)	(2,040,305)
Actuarial gain / (loss)	230,622	(63,938)
Fair value of plan assets at the end of the period	12,734,991	8,505,620
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefits at the end of the period	14,189,547	11,389,387
Funded status of the plan	12,734,991	8,505,620
Funded status amount of liability recognized in the balance sheet	1,454,556	2,883,767
Disclosed in the balance sheet as:		
Long-term provision for gratuity (Refer note 6)	1,454,556	2,883,767

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

The components of net gratuity costs are reflected below:

Particulars	Period ended June 30, 2013	Year ended March 31, 2012
Service cost	2,365,645	1,820,746
Interest cost	1,372,915	872,994
Expected returns on plan assets	(906,970)	(898,318)
Recognized net actuarial (gain) / loss	(212,642)	1,644,274
Net gratuity costs	2,618,948	3,439,696
Financial assumptions at balance sheet date:		
Discount rate	7.65%	8.55%
Long term rate of compensation increase	7.00%	7.00%
Estimated rate of return on plan assets	7.50%	8.00%
Attrition rate	1% - 3%	1% - 3%

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.

37 Transfer pricing

The Company has transactions with related parties. For the financial year 2011-12, 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 2012 -13, 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.

38 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 has received an amount of Rs. 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 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.

39 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)

Notes to financial statements for the fifteen months period ended June 30, 2013 (continued)

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

b) Details of related party transactions for the period ended June 30, 2013 (March 31, 2012)

Nature of transaction	Ultimate holding company	Holding company	Fellow subsidiary	Key management personnel
Trademark license fees	1,042,175 (6,373,540)	- (-)	1,042,175 (6,373,540)	- (-)
Re-imbusement of expenses	- (-)	63,169,253 (98,726,931)	- (-)	- (-)
Managerial remuneration	- (-)	- (-)	- (-)	2,625,000 (2,341,540)
Sales	- (-)	- (5,756,173)	- (-)	- (-)
Purchases	- (-)	39,547 (-)	- (-)	- (-)
Advance towards sale	- (-)	43,544,000 (-)	- (-)	- (-)
Balances at year end				
Amount payable	10,403,634 (9,586,460)	84,281,924 (5,123,983)	10,403,634 (9,586,461)	- (-)
Amount receivable	- (-)	5,227,320 (94,140,837)	- (-)	- (-)

(figures in brackets represent previous year figures)

40 Prior period comparatives

Previous year's figures in statement of profit and loss are not comparable since the same was drawn up for a period of twelve months. However, for the current period statement of profit and loss is drawn for the period of 15 months from April 1, 2012 to June 30, 2013.

Previous year figures have been regrouped / reclassified, wherever necessary, to conform to current period's classification as under:

Particulars	Classification in audited financial statements for year ended March 31, 2012	Classification in the current financial statements	Amount
Assets held for sale	Tangible fixed assets	Other current assets	7,747,404
Advance tax recoverable	Short-term loans and advances	Long-term loans and advances	28,443,784
Excise duty related to increase / (decrease) in inventory of finished goods	Changes in inventory of finished goods and work-in-progress	Other expenses	5,418,624

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

Zubin Shekary
Partner
Membership No.: 048814

Place: Hyderabad
Date: August 14, 2013

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: August 14, 2013



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 21st Annual General Meeting of the Company to be held on Tuesday, the 5th November, 2013 at 11.00 A.M. at Pleasant Days (Resort), Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103, and at any adjournment thereof.

Signed this.....day of..... 2013

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 21st Annual General Meeting of the Company held on Tuesday, the 5th November, 2013 at 11.00 A.M. at Pleasant Days (Resort), Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam, Chennai 602 103.

* Strike out whichever is not applicable.

Book Post

If undelivered please return to:

INDO TECH TRANSFORMERS LIMITED




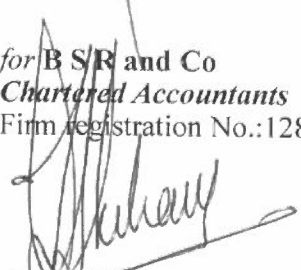
Secretarial Department

DP-36 SIDCO Industrial Estate

Thirumazhisai

Chennai – 600 124

FORM A
Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Indo Tech Transformers Limited
2.	Annual financial statements for the fifteen months period ended	30 June 2013
3.	Type of Audit observation	Emphasis of matter
4.	Frequency of observation	First time for the fifteen months period ended 30 June 2013
5.	<p>Signed by- For Indo Tech Transformers Limited</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">  Manuel Hernandez Bravo Whole-time Director </div> <div style="text-align: center;">  Arun Kumar Bhalla Audit Committee Chairman </div> <div style="text-align: center;">  D Alwan Chief Financial Officer </div> </div>	
	<p>for B S R and Co Chartered Accountants Firm registration No.:128510W</p>  Zubin Shekary Partner Membership No: 048814	