

September 13, 2017

Department of Corporate Services  
**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400 023  
Scrip Code: 532717

Listing Department  
**National Stock Exchange of India Limited**  
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051  
Symbol: INDOTECH

Dear Sirs,

**Sub: - Annual Report for the Financial Year 2016-17**

Please find enclosed Annual Report for the financial year ended 31<sup>st</sup> March 2017 in terms of Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your kind information and records.

Yours faithfully,

**For Indo Tech Transformers Limited**



Sathyamoorthy A  
Company Secretary & Compliance Officer

**IndoTech Transformers Limited**

CIN: L29113TN1992PLC022011

**Regd. Off :** S.No.153-210, Illuppapattu Village, Near Rajakulam, Chennai-Bangalore Highway, Kancheepuram - 631 561.

Tel/fax: +91 (0) 44 37290518 | info@prolec-geindia.com | www.prolecge.in

**ANNUAL REPORT**  
2016 - 17



Powering reliable solutions for you

**INDO TECH  
TRANSFORMERS LIMITED**



**Large Power Transformer Plant**



**Large Power Transformer Plant Inside View**

Annual General Meeting on Wednesday,  
the 06th September 2017 at GRT Regency,  
487, Gandhi Road, Kanchipuram,  
Tamilnadu-631502, At 2.30 P.M.

## CONTENTS

	Page
Company Information.....	02
Notice to Shareholders .....	03
Directors' Report.....	08
Annexure to Directors' Report .....	13
Report on Corporate Governance.....	25
Management Discussion & Analysis.....	32
Auditors' Certificate on Corporate Governance.....	34
Certification by Chief Executive Officer / Chief Financial Officer .....	35
Declaration on Code of Conduct.....	35
Independent Auditors' Report.....	36
Balance Sheet.....	42
Statement of Profit and Loss .....	43
Cash Flow Statement.....	44
Notes to financial statements .....	46
Proxy form.....	69
Attendance slip.....	71

## Company Information

### Board of Directors

Ricardo Suarez Garza  
Non Executive Director - Chairperson

Indraneel Dutt  
Non Executive Director

Ranganathan V  
Non Executive Director

M. S. Srinivasan  
Independent Director

P. V. Krishna  
Independent Director

Tabassum M Wajid  
Independent Director

### Chief Executive Officer

Ajay Kumar Sinha

### Chief Financial Officer

Abhishek Dalmia

### Company Secretary & Compliance Officer

Sathyamoorthy A

### Statutory Auditors

B S R & Co. LLP, Chartered Accountants  
No.10, Mahatma Gandhi Road,  
Nungambakkam, Chennai 600 034  
Telephone : +91 44 39145000  
Fax : +91 44 39145999

### Secretarial Auditors

J B BHAVE & Co., Company Secretaries, Pune

### Internal Auditors

G Balu & Associates, Chartered Accountants, Chennai

### Cost Auditors

J G & Co., Cost Accountants, Chennai

### Registrars and Transfer Agents

Link Intime India Private Limited  
C-101,247 Park,L B S Marg,  
Vikhroli West, Mumbai-400083  
Telephone Number : 022-49186270  
Fax Number : 022-49186060  
Email : rnt.helpdesk@linkintime.co.in

### Bankers

Bank of Baroda  
State Bank of India  
Citibank N. A.  
HDFC Bank

### Registered Office & Factory

Survey no.153-210, Illuppapattu Village, Near Rajakulam,  
KM-64, Kancheepuram (Dist.),  
Tamilnadu-631561

## NOTICE

**NOTICE** is hereby given that the **25<sup>th</sup> Annual General Meeting** of the Members of the Company will be held at GRT Regency, 487, Gandhi Road, Kanchipuram, Tamilnadu-631502 on Wednesday, 06th September 2017 at 2.30 P.M. to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial statements for the financial year ended 31<sup>st</sup> March 2017 and the Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Ricardo Suarez Garza (DIN: 07194157), who retires by rotation, being eligible offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors of the Company, and to fix their remuneration and to pass the following resolution as an **Ordinary Resolution** thereof:

**RESOLVED that** pursuant to section 139, 142 of the Companies Act, 2013 and rules made thereunder, pursuant to recommendation of the Audit Committee and resolution passed by the members at their Annual General Meeting held on 5<sup>th</sup> August 2014, the appointment of M/s B S R & Co. LLP Chartered Accountants (Firm Regn No 101248W/W-100022) as the Statutory Auditors to hold the office till the conclusion of the AGM to be held in the calendar year 2019 be and is hereby ratified and that the board of directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31<sup>st</sup> March 2018, as may be mutually agreed between the Board of Directors of the Company and the Auditors based on the recommendation of the Audit Committee.

### SPECIAL BUSINESS:

#### 4. Approval of Related Party Transaction

To consider, and if thought fit, to pass the following resolution as **Ordinary Resolution**:

**RESOLVED that** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Companies (Indian Accounting Standards) Rules, 2015 (including any amendment, modification or re-enactment thereof), consent of the members of the Company be and are hereby accorded for entering into the Contracts/Arrangement/Transactions with the Related Parties of the Company during the financial year 2017-18, up to the maximum amounts as appended in table below:

S. No	Name of the Related Party	Relationship	Maximum value of transaction to be entered during FY 2017-18
1	Prolec-GE Internacional S. de R L. de. C. V	Promoter	₹ 50 Crores
2	All General Electric group entities which are related party to the Company.	Associate(s)	₹ 50 Crores
3	Any other person/entity which is a Related Party		

**RESOLVED FURTHER that** the Board of Directors be and are hereby authorised to undertake all such acts, deeds, matters and things to finalise and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, to enable this resolution, and to settle any question, difficulty or doubt that may arise in this regard.

**RESOLVED FURTHER that** the Board of Directors be and are hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company or to any Director of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution.

#### 5. Ratification of Remuneration of the Cost Auditor

To consider, and if thought fit, to pass the following resolution as **Ordinary Resolution**:

**RESOLVED that** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the members of the Company be and are hereby accorded to ratify the remuneration decided by the Board of Directors, based on the recommendation of the Audit Committee, of ₹ 2,00,000/- (Rupees Two Lakhs Only) plus applicable Tax at the applicable rates and reimbursement of out of pocket expenses to M/s J. G & Co., Cost Accountants, who have been appointed by the Board of Directors of the Company, for conducting the audit of the cost records of the Company for the financial year ending on 31<sup>st</sup> March 2018.

**RESOLVED FURTHER** that the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

**RESOLVED FURTHER** that the Board of Directors be and are hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company or to any Director of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution.

By order of the Board of Directors  
**for Indo-Tech Transformers Limited**

Place: Bangalore

Sathyamoorthy A

Date: 14<sup>th</sup> July 2017

Company Secretary

**Notes:**

- (1) The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
- (2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF IN THE MEETING. Person appointed as proxy can act as a proxy on behalf of members of the company not exceeding 50 (Fifty) and holding in aggregate not more than 10% (Ten percent) of the total shares. A member holding more than 10% (Ten percent) of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (3) The instrument appointing the Proxy, duly completed must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the ANNUAL GENERAL MEETING is enclosed.
- (4) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is to be given to the Company.
- (5) Members / proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
- (6) Proxies submitted on behalf of Limited Companies, Societies and Partnerships firms, etc. must be supported by appropriate resolution / authority as applicable issued by the member organisation.
- (7) Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
- (8) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
- (9) The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
- (10) Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
- (11) Members desiring any information with regard to Accounts / Reports are requested to write to the Company Secretary at least ten days before the meeting so as to enable the management to keep the information ready.
- (12) The Register of Members and Share Transfer Books of the Company will remain closed from 31<sup>st</sup> August 2017 to 06<sup>th</sup> September 2017 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.
- (13) Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (DP) ID number on all correspondences with the Company. The transfer deeds, communication for change of address, bank details, ECS details (if any) should be lodged with the Registrar & Share Transfer Agents ('RTA') of the Company, Link Intime India Private Limited. Members whose shares are held in the electronic mode are requested to intimate the same to their respective Depository Participants.
- (14) The Company is concerned about the environment and utilises natural resources in a sustainable way. The Ministry of Corporate Affairs ('MCA'), Government of India, has by its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively; permitted companies to send official documents to their shareholders electronically as part of its Green Initiative in Corporate Governance. Recognising the spirit of the Circular issued by the MCA, we are sending documents like Notice convening the General Meetings, Financial Statements, Directors' Report, Auditors' Report, etc., to the email address provided by you with your depositories.
- (15) Annual Report for the financial year ended 31st March 2017 along with Attendance Slip and Proxy forms are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purpose unless a member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report are being sent by the permitted mode.
- (16) Members may note that the Notice of the 25th Annual General Meeting and the Annual Report 2016-17 will also be available on the Company's website [www.prolecge.in](http://www.prolecge.in). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e- communication, or have any other queries, may write to us at [investor@prolec-geindia.com](mailto:investor@prolec-geindia.com).
- (17) Additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 in respect of the Directors seeking reappointment at the Annual General Meeting is furnished and forms part of the

Notice. The directors have furnished the requisite consents / declarations for their appointment / re-appointment.

- (18) Voting through electronic means - In compliance with the provisions of Sections 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Company is pleased to provide the facility to the members to exercise their right to vote by electronic means. Instructions for e-voting are annexed separately along with this notice. For this purpose, the Company has engaged Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the Members to cast their votes electronically. The Company has appointed M/s G P Srinath & Associates, Practicing Company Secretaries, Chennai as Scrutinizer for conducting the e-voting process in fair and transparent manner.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

##### Item No. 2: Brief profile of Director

Information for reappointment/ appointment of Directors as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015:

Name of the Director	Ricardo Suarez Garza
DIN	07194157
Age	52
Date of appointment	27 <sup>th</sup> May 2015
Qualification	BS degree as a Mechanical Engineer and Administrator. Masters degree in Administration Diploma in Total Quality Control, Marketing and Synchronizations and Operation
Experience	30 years of experience in the field of Management in different Industries. He has performed different responsibilities within the Xignux group since the beginning of his career.
No. of shares as on 31 <sup>st</sup> March 2017	Nil
Directorship in other public Companies	Nil
Chairman/Member of Committees of Companies	Chairman of Board & Stakeholder Relationship Committee and Member of Audit Committee of Indotech Transformers Limited

None of the Directors and Key Managerial personnel of the company and their relatives is concerned or interested, financially or otherwise, in the resolution.

##### Item No. 4: Approval of Related Party Transaction

Section 188 of the Companies Act, 2013 and Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), provides that for entering into Contracts/Arrangement/Transactions as prescribed in rules framed in this regard with the related party, the Company must obtain prior approval of the Board of Directors and in case such transactions are exceeding the overall limit prescribed in the rules framed in this regard, prior approval of the shareholders by way of a resolution must be obtained. Further regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 provided that all material related party transactions (i.e. transactions exceeding ten percent of annual consolidated turnover) require the approval of the Members by way of resolution.

In spite of these regulations, the term Related Party stands widened with the commencement of the Companies (Indian Accounting Standards) Rules, 2015 (IND AS 24) and the same made applicable to the Company effect from 1<sup>st</sup> April 2017. Entities which were not Related Party under the Companies Act, 2013 may become Related Party under the Companies (Indian Accounting Standards) Rules, 2015. Subsequently transactions with the Companies within the group of General Electric Company, Xignux and Prolec-GE become the related party transaction for Indotech.

Your company always seeks to enter into transactions with related parties in the ordinary course of business and at arm's length basis. However the aggregate of all transactions with the related parties may exceed the threshold limits stipulated in the aforesaid Regulations, the Company is under an obligation to seek the approval of its shareholders by way of Ordinary resolution. It is therefore, proposed to seek approval of such transactions which are either existing or proposed to be entered into by the Company with related parties by way of ordinary resolution.

Board of Directors and Audit Committee of the Company have approved the proposal to enter into transactions with the related parties at their respective meeting held on 17<sup>th</sup> May 2017. Since the proposal is in the best interest of the company, your directors recommends for the approval.

(The term "Related Party" referred in this context shall derive its meaning as stipulated under the Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015

Pursuant to rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 the details of transactions are given below:



Name of the related party	Relationship	Nature of transaction	Maximum value
Prolec-GE Internacional S. de R. L. de. C. V	Promoter	Re-imbusement of expenses based on the agreement entered into by and between the Company and Promoter	₹ 50 Crores
All GE group entities which is a related party to the Company and any other person/entity which is related party.	Associate(s)	<ul style="list-style-type: none"> <li>Sale, purchase or supply of any goods or materials.</li> <li>Availing or rendering of any services</li> </ul>	₹ 50 Crores

None of the Directors and Key Managerial personnel of the company and their relatives are concerned or interested, financially or otherwise, in the resolution.

#### Item No. 5: Ratification of the remuneration of Cost Auditor

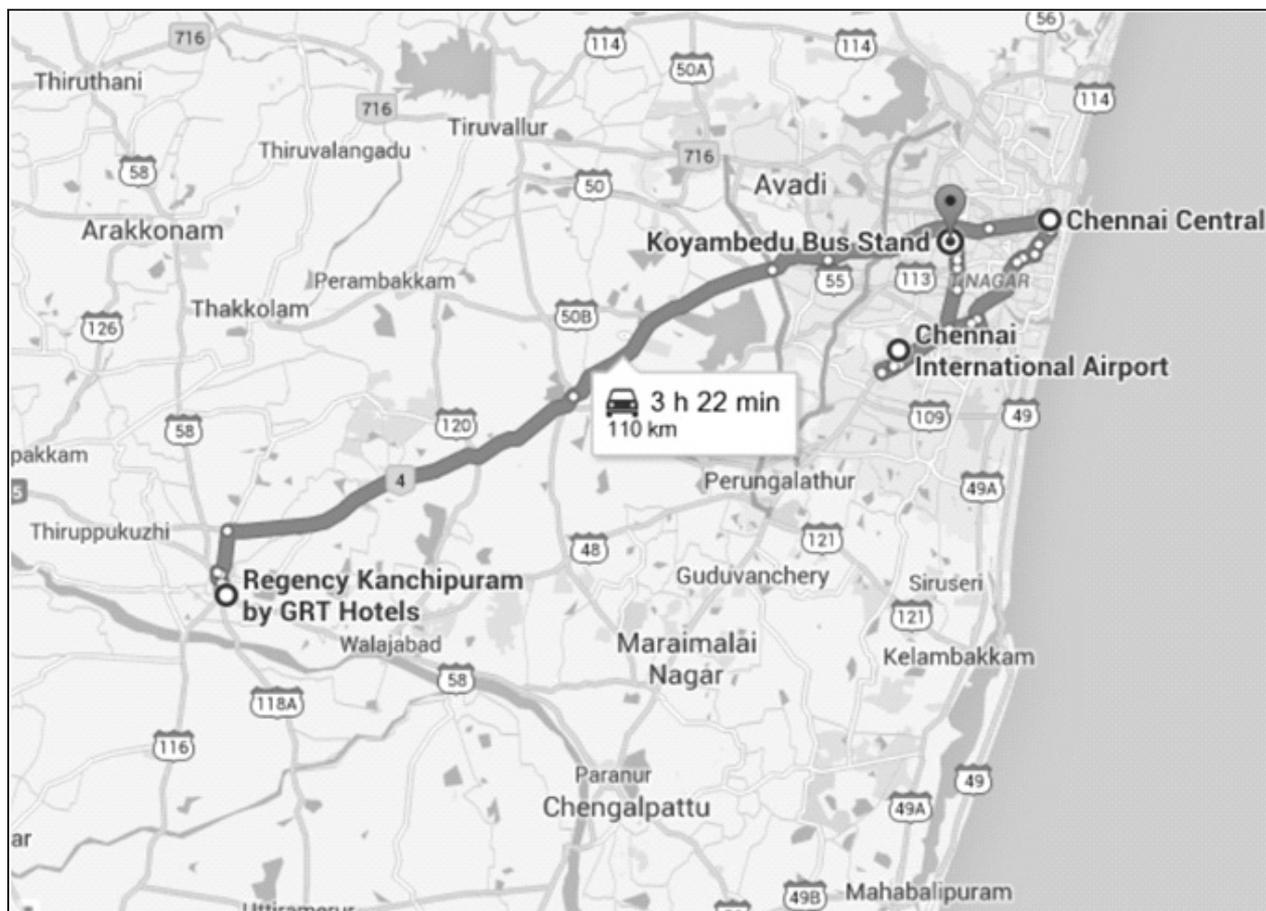
Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and based on the recommendation of the Audit Committee, Board of Directors at their Meeting held on 17<sup>th</sup> May 2017 appointed M/s J. G & Co. as Cost Auditor for the Financial year 2017-18 at a remuneration of ₹ 2,00,000/- (Rupees Two Lakhs Only) plus applicable Tax at the applicable rates and reimbursement of out of pocket expenses

Rule 14 of the Companies (Audit and Auditors) Rules 2014 further stipulates that the remuneration payable to the Cost Auditor is required to be ratified by the members at their general meeting. Hence this proposed Resolution.

None of the Directors and Key Managerial personnel of the company and their relatives are concerned or interested, financially or otherwise, in the resolution

#### ROUTE MAP TO REACH THE VENUE OF ANNUAL GENERAL MEETING

Venue: GRT Regency, 487, Gandhi Road, Kanchipuram, Tamilnadu-631502



**INSTRUCTIONS FOR VOTING THROUGH ELECTRONIC MEANS**
**Voting through electronic means:**

In Compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide its shareholders the facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 25<sup>th</sup> Annual General Meeting (AGM). Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate remote e-voting. The facility of voting through polling paper shall also be made available at the venue of the 25<sup>th</sup> AGM. The shareholders attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The shareholders who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 03<sup>rd</sup> September 2017 (09:00 a.m. IST) to 05<sup>th</sup> September 2017 (05.00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form on 30<sup>th</sup> August 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on sticker pasted on the envelope of the Annual Report.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding

shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of Indo Tech Transformers Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## DIRECTORS' REPORT

Your Directors are pleased to present the 25<sup>th</sup> Annual Report of the Company along with the Audited Financial Statement and the Auditor's Report for the financial year ended 31<sup>st</sup> March 2017.

### FINANCIAL RESULTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 in terms of Rule 7 of The Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI").

The Ministry of Corporate Affairs vide its notification in the Official Gazette dated February 16, 2015, notified the Companies (Indian Accounting Standard) Rules, 2015 (Ind AS) applicable for the specified class of Companies. The Ind AS replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. Our Company has to comply with the provisions of Companies (Indian Accounting Standard) Rules, 2015 with effect from 1st April 2017. Company has initiated adequate steps to ensure the due compliances.

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

(₹ in Lakhs)

Particulars	Financial Year ended 31 <sup>st</sup> March 2017	Financial Year ended 31 <sup>st</sup> March 2016
<b>INCOME</b>		
Gross Sales & Other Income	16,577	22,318
Gross Profit/(Loss) before depreciation, interest & tax	(821)	938
Depreciation	482	535
Profit/(Loss) before tax	(1406)	402
Provision for Taxes	220	--
Prior period / Extraordinary items	--	--
Balance of Profit/(Loss) of earlier years	(6,179)	(6,582)
Balance available for appropriation	(7806)	(6,179)
<b>APPROPRIATIONS</b>		
General Reserve	--	--
Dividend	--	--
Tax on Dividend	--	--
Balance carried to Balance Sheet	(7806)	(6,179)

### OPERATIONAL PERFORMANCE

Considering the general turmoil in the Industry, operational performance of the Company during the period under this report was in an ordinary manner. The Consolidated and combined operations of Thirumazhisai plant and Kancheepuram plant has contributed significantly to improve the performance through increase in production, efficient and effective utilisation of resources and reduced costs as compared to previous financial years. Company witnessed unprecedented disruptions from the part of some customers on performance of contract. Consequently financial and operational parameters declined to some extent. In spite of several challenges, year 2016-17 was indeed a positive year for the Company in terms of quality order booking and operating margin.

We have improved our acceptability in the market on account of several short circuit test conducted in the previous financial years. Management has taken several steps to increase production, improve efficiency and reduce costs.

We continuously receive support from Parent Company for design optimization and to improve the production of large power transformers. Our focus currently is to improve productivity and deliver the best quality transformers. Overall, we expect further improvements by implementing our strategic plans for cost optimization and using specially developed software for transformer designs. However price pressure is immense and it is impacting the entire industry. In the challenging environment, with improved sourcing strategies and cost optimization, our focus is to improve the margin in the coming years.

A detailed discussion on the performance of your company, industry structure, threats, opportunities, risks, future outlook and strategy is given separately in the Management's Discussion and Analysis section, which forms a part of this annual report.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of the Company comprises of six experienced directors from diverse areas, which enables the Board to provide effective leadership to the Company. Composition of the Board is in conformity with the provisions of the companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the financial year Mr. V Ranganathan (DIN- 07489345) inducted in to the Board as an Additional Director with effect from 12<sup>th</sup> April 2016 and later on appointed as the Director at the Annual General Meeting of the Company.

The Board of Directors of the Company as on date of this report is as follows:

Mr. Ricardo Suarez Garza	– Chairman
Mr. Indraneel Dutt	– Non-Executive Director
Mr. V Ranganathan	– Non-Executive Director
Mr. M S Srinivasan	– Independent Director
Mr. P V Krishna	– Independent Director
Ms. Tabassum M Wajid	– Independent Director

During this financial year, Composition of the Key Managerial Personnel's has changed with the resignation of Mr. Dhiraj Narula from the position of Chief Financial Officer and followed by the appointment of Mr. Abhishek Dalmia as Chief Financial Officer with effect from 25th May 2016.

The Key Managerial Personnel of the Company as on date of this report is as follows:

Mr. Ajay Kumar Sinha	– Chief Executive Officer
Mr. Abhishek Dalmia	– Chief Financial Officer
Mr. Sathyamoorthy A	– Company Secretary

#### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

The Board of Directors met four (4) times during the financial year on 25<sup>th</sup> May 2016, 03<sup>rd</sup> August 2016, 26<sup>th</sup> October 2016, and 08<sup>th</sup> February 2017.

The provisions of Companies Act, 2013 and listing regulations were adhered to while considering the time gap between two meetings.

#### **BOARD COMMITTEES**

Board Committees plays a vital role in improving the Board effectiveness in areas where more focused and discussions are required. Board has constituted three Committees in accordance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and its compositions are as follows:

(i) **Audit Committee**

Mr. M.S Srinivasan, Chairman  
Mr. Ricardo Suarez Garza, Member  
Mr. P V Krishna, Member

(ii) **Nomination and Remuneration Committee**

Mr. P V Krishna, Chairman  
Mr. M.S Srinivasan, Member  
Ms. Tabassum M Wajid, Member

(iii) **Stakeholders' Relationship Committee**

During the year, in accordance with the Companies Act, 2013, the Board re-constituted Stakeholder Relationship Committee at their meeting held on 03<sup>rd</sup> August 2016.

Mr. Ricardo Suarez Garza, Chairman  
Mr. Indraneel Dutt, Member  
Mr. Ranganathan V, Member

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- 1) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2017 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 2016-17 and of the Profit & Loss Account of the Company for the year under review;
- 3) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- 4) the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2017 on a 'going concern basis';
- 5) the Directors had laid down Internal Financial Controls to be followed by the Company and such Internal Financial Controls are adequate and were operating effectively;
- 6) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **NOMINATION AND REMUNERATION POLICY**

In terms of Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Company's policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

As a policy, the Independent Directors are paid sitting fees of ₹ 20,000/- per meeting per person for attending the Board and Audit Committee Meetings.

#### **COMMENTS ON AUDITORS' REPORT / SECRETARIAL AUDITORS' REPORT**

There are no qualifications, reservations or adverse remarks or disclaimers made by BSR & Co. LLP, Statutory Auditors, in their report and by M/s. J B Bhavé & Co., Secretarial Auditors in their secretarial audit report.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not provided any loans, guarantee or made any investments covered under section 186 of the Companies Act, 2013.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF COMPANIES ACT, 2013**

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013, is appended as Annexure "I".

**DIVIDEND**

Considering the accumulated losses, no dividend has been recommended by the Board of Directors of the Company for Financial Year 2016-17.

**MATERIAL CHANGES AND COMMITMENTS**

There was no material changes and commitments, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

**BOARD EVALUATION**

Board of Directors evaluated the performance of the Board, its Committee and in the individual capacity of each Director and Key Managerial Personnel of the Company. The assessment of performance of Directors is based on their attendance at Board Meetings and Board Committee Meetings, quality of contributions during the meetings, inputs for the strategy and growth of the Company, contributions in giving directions to the management and commitment to the stakeholders.

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report as Annexure IV.

**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 is provided as a part of this Annual Report, besides the Management Discussion and Analysis.

**STATUTORY AUDITORS**

Pursuant to Section 139 of the Companies Act, 2013, M/s B S R & Co. LLP, Chartered Accountants, (ICAI Firm Registration No. 128510W/W-100022), have been appointed as Statutory Auditors for a period of five (5) years commencing from financial year 2014-15, subject to the ratification by the members at each annual general meeting. A resolution proposing ratification of appointment of M/s B S R & Co. LLP, as Statutory Auditors of the Company for financial year 2017-18, pursuant to Section 139 of the Companies Act, 2013 forms part of the Notice of Annual General Meeting.

**FIXED DEPOSITS / PUBLIC DEPOSITS**

Your Company has not accepted any fixed deposits or Public Deposits covered under chapter V of the Companies Act, 2013 and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

**INTERNAL FINANCIAL CONTROLS**

The Company has an adequate system of Internal Financial Controls in place with reference to the financial statements. Audit Committee periodically reviews the Internal Financial Control and Risk Assessment System of the Company. During the year, Internal Financial Controls were tested and no material weaknesses in the design or operating effectiveness were observed.

**COST AUDITORS**

Pursuant to section 148 and rules made thereunder and based on the recommendation of the Audit Committee, your Board has approved the appointment of M/s J G & Co, Cost Accountants, as the Cost Auditor of the Company for the financial year 2017-18.

**SECRETARIAL AUDITORS / SECRETARIAL AUDIT REPORT**

Pursuant to section 204 of the Companies Act, 2013 the Secretarial Audit for the financial year 2016 - 17 was conducted by M/s J B Bhavé & Co and their secretarial audit report is annexed as Annexure II forming part of this report. The Board of Directors has appointed M/s J B Bhavé & Co as Secretarial Auditors for the financial year 2017-18 to conduct the Secretarial Audit of the Company.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner, the Company has adopted a Whistle Blower policy to provide a mechanism for employees of the Company to raise concerns on any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. This policy is explained in corporate governance report and also posted on the notice board and the website of the Company.

**RISK MANAGEMENT FRAMEWORK**

The Company has formulated a Risk Management policy to identify, assess, monitor and mitigate various risks to the Company. Identified risks and the mitigation plans are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 has been given in the Annexure-III appended hereto and forms part of this report.

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

The information as prescribed under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is as follows:

**A. CONSERVATION OF ENERGY**

Your company acknowledges that power conservation is a necessity not only for future availability, but also environmental safety. Your Company is not a power intensive industry and hence the scope for conservation of energy is limited. However the following energy saving measures have been carried out.

- Your Company has 2 wind mills in Tirunelveli, Tamil Nadu. The Company is adjusting the units generated against consumption at factories. This has reduced per unit energy cost to the Company.
- Your company has in place adequate safeguards against excessive consumption and wastage of energy, in form of energy-friendly apparatus, modern technologies as well as minimal usage mechanism.

During the year your Company took several measures for reducing the power and fuel cost including DG utilization and was able to reduce the power and fuel cost significantly.

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

Your Company is more focused towards the promotion of innovative ideas and has invested in equipment with sufficient resources for research and development. Skid mounted substations were developed for wind mills in the previous year which were provided with transformer integrated with HV side protection gear complete with breaker and panel. The complete unit comprised of transformer, HV bushings to breaker panel bus-duct, HV breaker & panel, LV side cable box connections. All components were designed to be assembled on single skid and transported to customer premises a single unit. The entire assembly was reinforced at critical points to bear transportation loads. The transformer was sent with radiator/conservator mounted and completely oil filled to avoid any mounting and oil filtration at site.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the financial year under review, there the foreign exchange earning of the Company was ₹ 96,461,207 and outgo was ₹ 939,476.

**FINANCIAL HIGHLIGHTS**

(₹ in Lakhs)

FINANCIAL HIGHLIGHTS	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Gross Sales & Other Income	16,577	22,318	18,671	11,400	12,495	12,596	12,416	11,020
Net Sales & Other Income	15,046	20,263	17,366	10,430	11,554	11,572	11,428	10,249
Earnings before Depreciation, Interest and Tax (EBDIT)	-821	937	632	-529	-3,857	-3,218	-1,861	-533
Depreciation	482	535	518	299	504	412	380	387
Profit After Tax	-1,627	402	-374	-1,880	-5,018	-3,998	-2,274	-839
Equity Dividend %	--	--	--	--	--	--	--	--
Dividend Payout	--	--	--	--	--	--	--	--
Equity Share Capital	1,062	1,062	1,062	1,062	1,062	1,062	1,062	1,062
Reserves and Surplus	12,798	14,425	14,023	-450	1,430	6,447	10,446	12,735
Net Worth	13,860	15,487	15,085	612	2,492	7,509	11,508	13,797
Gross Fixed Assets	9,377	10,106	10,003	9,888	9,902	9,822	9,945	9,381
Net Fixed Assets	5,429	6,215	6,635	7,047	7,309	7,667	8,130	7,940
Total Assets	20,094	21,269	20,659	18,270	17,684	17,599	15,923	14,885

KEY INDICATORS	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Earnings per Share - ₹	-15.32	3.79	-3.52	-17.7	-47.25	-37.65	-21.42	-7.9
Turnover per share - ₹	156.09	210.16	175.82	107.35	117.65	118.71	116.91	103.79
Book value per share - ₹	130.51	145.83	142.04	5.76	23.46	70.72	108.36	129.92
Debt : Equity Ratio	0.93:1	1.35:1	1.15:1	20.62:1	3.27:1	0.71:1	0.09:1	0.07:1
EBDIT / Gross Turnover %	-5%	4%	3%	-5%	-32%	-26%	-15%	-5%
Net Profit Margin %	-9%	2%	-2%	-19%	-42%	-32%	-18%	-8%
RONW %	-11%	3%	-61%	-75%	-67%	-35%	-16%	-6%
ROCE %	-13%	3%	1%	-57%	-64%	-33%	-15%	-6%

### **SUBSIDIARY COMPANIES**

As at 31st March 2017 there is no subsidiary company.

### **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee ("ICC") has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy.

During the financial year 2016-17, there were no cases reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **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, Prolec GE and all the shareholders. Your Directors also wish to thank all employees for their contribution, support and continued cooperation during the financial year and are deeply grateful to the shareholders of the Company for the confidence and faith.

for and on behalf of the Board of Directors  
**INDO-TECH TRANSFORMERS LIMITED**

Place : Chennai  
Date : 17 May 2017

Ricardo Garza Suarez	Indraneel Dutt
Chairman	Director
DIN: 07194157	DIN: 01942447

**Annexure - I**  
**Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

This form pertains to the disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or Transactions not at arm's length basis : Nil
2. Details of material contracts or arrangement or transactions at arm's length basis:

The Contracts or arrangements or transactions entered with the related parties during the financial year 2016-17 were not material and the same were disclosed in the notes to accounts forming part of the financial statements for the year ended 31<sup>st</sup> March 2017.

for and on behalf of the Board of Directors  
**INDO-TECH TRANSFORMERS LIMITED**

Place : Chennai  
Date : 17 May 2017

Ricardo Garza Suarez	Indraneel Dutt
Chairman	Director
DIN: 07194157	DIN: 01942447



## Annexure - II

**Form No. MR-3 - Secretarial Audit Report**For the Financial Year ended 31<sup>st</sup> March 2017*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members

**M/S. INDO-TECH TRANSFORMERS LIMITED**

Survey no.153-210, Illuppapattu Village, Near Rajakulam,  
KM-64, Kancheepuram (Dist.), Tamilnadu-631561

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Indo-Tech Transformers Limited. (Hereinafter called "the Company").

Secretarial Audit was conducted for the period from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017, in a manner that provided to me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing my opinion thereon. I have been engaged as Secretarial Auditors of the Company to conduct the Audit of the Company to examine the compliance of Companies Act, SEBI Regulations and the other laws listed below.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2017 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of the following list of laws and regulations:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014; [Not applicable during the Audit Period]
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [Not applicable during the Audit Period]
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [Not applicable during the Audit Period]
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; [Not applicable during the Audit Period]
- (vi) OTHER APPLICABLE LAWS:
  - (a) Factories Act, 1948
  - (b) Payment of Wages Act, 1936,
  - (c) The Minimum Wages Act, 1948,
  - (d) Employees' State Insurance Act, 1948,
  - (e) Provident Fund Act 1952 & Employees Pension Scheme 1995,
  - (f) The Payment of Bonus Act, 1965,
  - (g) Payment of Gratuity Act, 1972,
  - (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
  - (i) Tami Nadu (Professional Tax) Act,
  - (j) Prevention of Child Labour Act,
  - (k) Industries (Development & Regulations) Act 1971.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited and Bombay Stock Exchange Limited and SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit period the company has pursuant to section 12(5) and all other applicable provisions of the Companies Act, 2013 and rules framed there under, obtained Shareholders' approvals on 2<sup>nd</sup> April 2016 by way of Postal Ballot for shifting of its Registered Office outside the city limits but within the jurisdiction of Registrar of Companies, Chennai and within the State of Tamilnadu.

for **J B BHAVE & Co.**  
Company Secretaries

**Jayavant Bhav**  
Proprietor  
FCS No. 4266  
CP No. 3068

Place: Pune  
Date : 17 May 2017



<b>(2) Foreign</b>								
a) NRI Individuals	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-
c) Bodies Corp.	7,895,625	7,895,625	74.35%	7,895,625	-	7,895,625	74.35%	0.00%
d) Any other	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	<b>7,895,625</b>	<b>7,895,625</b>	<b>74.35%</b>	<b>7,895,625</b>	<b>-</b>	<b>7,895,625</b>	<b>74.35%</b>	<b>0.00%</b>
<b>TOTAL (A)</b>	<b>7,895,625</b>	<b>7,895,625</b>	<b>74.35%</b>	<b>7,895,625</b>	<b>-</b>	<b>7,895,625</b>	<b>74.35%</b>	<b>0.00%</b>
<b>B. Public Shareholding</b>								
<b>1. Institutions</b>								
a) Mutual Funds	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	11,861	-	11,861	0.11%	0.11%
c) Central Govt	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,861</b>	<b>-</b>	<b>11,861</b>	<b>0.11%</b>	<b>0.11%</b>
<b>2. Non-Institutions</b>								
a) Bodies Corp.	533315	533315	5.02%	517312		517312	4.87%	-0.15%
i) Indian	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	14,72,153	1,472,270	13.86%	1701677	3252	1,704,929	16.05%	2.19%
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	3,90,594	390,594	3.68%	178246	0	178,246	1.68%	-2.00%
c) Others (specify)						-		0.00%
HUF	220120	220,120	2.07%	212101	0	212,101	2.00%	-0.07%
Non Resident Indians	48336	48,336	0.46%	40330	0	40,330	0.38%	-0.08%

Foreign Nationals	-	-	-	-	-	-	-	-
Clearing Members	58240	58,240	0.55%	59596	0	59,596	0.56%	0.01%
Trusts	1500	1,500	0.01%	0	0	-	-	-0.01%
Foreign Bodies - D R	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	2,724,258	2,724,375	25.65%	2,709,262	3,252	2,712,514	25.54%	-0.11%
<b>Total Public (B)</b>	2,724,258	2,724,375	25.65%	2,721,123	3,252	2,724,375	25.65%	0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	10,619,883	10,620,000	100.00%	10,616,748	3,252	10,620,000	100.00%	0.00%

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Prolec GE Internacional, S.DE R.L.DE.C.V	7,895,625	74.35%	0	7,895,625	74.35%	0	0.00%

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year		7,895,625	74.35%	7,895,625	74.35%
	Changes during the year		NIL	0.00%	NIL	0.00%
	At the end of the year		7,895,625	74.35%	7,895,625	74.35%

\* No changes during the year

**(iv) Shareholding Pattern of top ten Shareholders**
*(Other than Directors, Promoters and Holders of GDRs and ADRs):*

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of The Company
1	<b>Ohm Stock Broker Pvt. Ltd</b>	95000	0.8945			95000	0.8945
	At the end of the year					95000	0.8945
2	<b>Kantilal M. Vardhan (H.U.F.)</b>	63853	0.6013			63853	0.6013
	At the end of the year					63853	0.6013
3	<b>Universal Cine Trades</b>	67500	0.6356			67500	0.6356
	Transfer			09 Dec 2016	(10000)	57500	0.5414
	At the end of the year					57500	0.5414
4	<b>BMA Wealth Creators Ltd</b>	785	0.0074			785	0.0074
	Transfer			15 Apr 2016	(750)	35	0.0003
	Transfer			06 May 2016	376	411	0.0039
	Transfer			13 May 2016	(376)	35	0.0003
	Transfer			17 Jun 2016	511	546	0.0051
	Transfer			24 Jun 2016	1723	2269	0.0214
	Transfer			30 Jun 2016	833	3102	0.0292
	Transfer			08 Jul 2016	196	3298	0.0311
	Transfer			15 Jul 2016	(49)	3249	0.0306
	Transfer			05 Aug 2016	(200)	3049	0.0287
	Transfer			12 Aug 2016	3426	6475	0.0610
	Transfer			02 Sep 2016	580	7055	0.0664
	Transfer			09 Sep 2016	2441	9496	0.0894
	Transfer			16 Sep 2016	3	9499	0.0894
	Transfer			23 Sep 2016	1175	10674	0.1005
	Transfer			30 Sep 2016	97	10771	0.1014
	Transfer			21 Oct 2016	(100)	10671	0.1005
	Transfer			28 Oct 2016	(4413)	6258	0.0589
	Transfer			04 Nov 2016	(1166)	5092	0.0479
	Transfer			11 Nov 2016	(374)	4718	0.0444
	Transfer			18 Nov 2016	12610	17328	0.1632
	Transfer			25 Nov 2016	2731	20059	0.1889
	Transfer			02 Dec 2016	5424	25483	0.2400
	Transfer			09 Dec 2016	750	26233	0.2470
	Transfer			16 Dec 2016	(274)	25959	0.2444
	Transfer			23 Dec 2016	429	26388	0.2485
	Transfer			06 Jan 2017	20	26408	0.2487
	Transfer			13 Jan 2017	76	26484	0.2494

	Transfer			20 Jan 2017	180	26664	0.2511
	Transfer			27 Jan 2017	(25)	26639	0.2508
	Transfer			24 Feb 2017	5	26644	0.2509
	Transfer			10 Mar 2017	1	26645	0.2509
	Transfer			17 Mar 2017	(1)	26644	0.2509
	Transfer			24 Mar 2017	3007	29651	0.2792
	Transfer			31 Mar 2017	396	30047	0.2829
	At the end of the year					30047	0.2829
<b>5</b>	<b>Kantilal Mishrimalji Vardhan</b>	24264	0.2285			24264	0.2285
	At the end of the year					24264	0.2285
<b>6</b>	<b>Sanjeev Mishra</b>	8900	0.0838			8900	0.0838
	Transfer			10 Jun 2016	(1000)	7900	0.0744
	Transfer			10 Mar 2017	10000	17900	0.1685
	Transfer			24 Mar 2017	2100	20000	0.1883
	At the end of the year					20000	0.1883
<b>7</b>	<b>Ajit Jain (HUF)</b>	16500	0.1554			16500	0.1554
	Transfer			17 Jun 2016	(1000)	15500	0.1460
	Transfer			08 Jul 2016	(1000)	14500	0.1365
	Transfer			22 Jul 2016	1000	15500	0.1460
	At the end of the year					15500	0.1460
<b>8</b>	<b>Aadishu Securities Private Ltd</b>	25652	0.2415			25652	0.2415
	Transfer			15 Apr 2016	(15000)	10652	0.1003
	Transfer			17 Jun 2016	4348	15000	0.1412
	Transfer			19 Aug 2016	7000	22000	0.2072
	Transfer			26 Aug 2016	(7000)	15000	0.1412
	Transfer			07 Oct 2016	10652	25652	0.2415
	Transfer			14 Oct 2016	(10652)	15000	0.1412
	Transfer			21 Oct 2016	10652	25652	0.2415
	Transfer			28 Oct 2016	(6266)	19386	0.1825
	Transfer			04 Nov 2016	(4386)	15000	0.1412
	Transfer			24 Mar 2017	10652	25652	0.2415
	At the end of the year					15000	0.1412
<b>9</b>	<b>Minto Park Estates Pvt Ltd</b>	0	0.0000			0	0.0000
	Transfer			10 Mar 2017	15000	15000	0.1412
	At the end of the year					15000	0.1412
<b>10</b>	<b>Ishvam Portfolio Private Limited</b>	14147	0.1332			14147	0.1332
	Transfer			17 Jun 2016	(1000)	13147	0.1238
	At the end of the year					13147	0.1238

**(v) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. Ajay Kumar Sinha, CEO				
	At the beginning of the year	0	-	0	-
	Changes during the year	1	0.00%	1	0.00%
	At the end of the year	1	0.00%	1	0.00%

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Amt. ₹/Lacs)
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
<b>Total (i+ii+iii)</b>	-	-	-	-

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:					
SN.	Particulars of Remuneration	NIL			Total Amount
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	-	-	-	-



<b>B. Remuneration to other Directors</b>					
SN.	Particulars of Remuneration	Name of Directors			Total
1	<b>Independent Directors</b>	<b>M S Srinivasan</b>	<b>P V Krishna</b>	<b>Tabassum M Wajid</b>	
	Fee for attending board / committee meetings	160,000	160,000	60,000	380,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>160,000</b>	<b>160,000</b>	<b>60,000</b>	<b>380,000</b>
2	<b>Other Non-Executive Directors</b>	<b>Ricardo Garza Suarez</b>	<b>Indraneel Dutt</b>	<b>Ranganthan V</b>	<b>Total</b>
	Fee for attending board / committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>160,000</b>	<b>160,000</b>	<b>60,000</b>	<b>380,000</b>
	<b>Total Managerial Remuneration</b>	<b>160,000</b>	<b>160,000</b>	<b>60,000</b>	<b>380,000</b>
	Overall Ceiling as per the Act	It is in accordance with the provisions of the Companies Act 2013			

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total
	Name	Ajay Kumar Sinha	Abhishek Dalmia*	Sathyamoorth A	
	Designation	CEO	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,090,000	2,178,161	959,891	9,228,052
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>6,090,000</b>	<b>2,178,161</b>	<b>959,891</b>	<b>9,228,052</b>

\* Remuneration pertaining to the period 25th May 2016 to 31st March 2017

<b>VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:</b>					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

NIL

for and on behalf of the Board of Directors  
**INDO-TECH TRANSFORMERS LIMITED**

Place : Chennai  
 Date : 17 May 2017

Ricardo Garza Suarez  
 Chairman  
 DIN: 07194157

Indraneel Dutt  
 Director  
 DIN: 01942447

### Annexure IV – Particulars of Employees

a) Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**Remuneration paid to Whole Time Director(s):**

Name of the Director	Title	Remuneration in FY 2016-17	% increase in FY 2016-17 as Compared to FY 2015-16	Ratio of remuneration to Median Remuneration of Employees	Ratio of remuneration to Revenues	Ratio of remuneration to Net Profit
NA	NA	NA	NA	NA	NA	NA

**Remuneration paid to Independent Directors:**

Name of the Director	Remuneration in FY 2016-17* (in ₹)	Remuneration in FY 2015-16* (in ₹)	% increase of remuneration (FY 2016-17 over FY 2015-16)
M S Srinivasan	160,000	200,000	NIL
P V Krishna	160,000	140,000	NIL
Tabassum M Wajid	60,000	80,000	NIL

\* The Independent Directors were paid sitting fees of ₹ 20,000 for attending per meeting of Board and Audit Committee and no other remuneration was paid over and above the sitting fees during FY 2016-17 & FY 2015-16.

**Remuneration paid to Key Managerial Personnel (KMP):**

Name of the KMP	Title	Remuneration in FY 2016-17	Remuneration in FY 2015-16	% increase of remuneration in FY 2016-17 as company to FY 2015-16	Ratio of remuneration to Revenues	Ratio of remuneration to Net Profit
Ajay Kumar Sinha	CEO	6,090,000	51,66,670#	Nil	0.0041	0.037
Abhishek Dalmia*	CFO	2,178,161	NA	NA	0.0014	0.013
Sathyamoorthy A	CS	959,891	226,798#	8%	0.0006	0.0059

\* appointed as "CFO" with effect from 25<sup>th</sup> May, 2016

# Remuneration pertains to the part of the FY 2015-16

- The number of employees on the rolls of the Company as of March 31, 2017 were 294 and as on 31st March, 2016 were 291.
- The median remuneration of employees was ₹ 2,22,096 for FY 2016-17 and ₹ 2,37,636 for FY 2015-16.
- The operating revenue for FY 2016-17 is ₹ 148.80 crores, whereas for FY 2015-16 stood at ₹ 189.87 crores. The net loss for the FY 2016-17 is ₹ 16.26 crores whereas the net profit for the FY 2015-16 was ₹ 4.02 crores.
- The aggregate remuneration of employees for the FY 2016-17 is ₹ 16.19 Crores and for FY 2015-16 was ₹ 15.31 Crores. The aggregate remuneration of whole time director and key managerial personnel for the FY 2016-17 is ₹ 92.28 lakhs and for the FY 2015-16 was ₹ 96.91 Lakhs.
- The key parameters of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

b) Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

No employee of the Company was in receipt of remuneration in excess of ₹ 60 Lakhs except CEO as stated above during the financial year 2016-2017

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The phrase "Corporate Governance" describes the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within the Company. The Company's philosophy is to enhance and maximize shareholder value and protect the interest of other stakeholders. It encompasses effective management through integrity, transparency, accountability and responsibility towards stakeholders.

A Report on compliance with the principles of Corporate Governance as prescribed by The Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") is given below:

### GOVERNANCE STRUCTURE

Governance structure comprises the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This brings about an effective environment for value creation.

### BOARD OF DIRECTORS

The Board of Directors being the highest decision making authority provides the strategic directions, thrust and has the primary responsibility to oversee the operations of the Company. The Company has a balanced and diversified Board, which comprises Non-Executive Director as Chairman and five other Non-Executive Directors. Out of these, three are Independent Directors. The composition of Board is as follows:

Director	Category	DIN	DOA	Committee memberships (excluding in the Company)		Directorship(s) held in Indian Public Limited Companies	No of shares held in the Company	
				Member	Chairman		Shares	%
Mr. Ricardo Suarez Garza	Chairman Non-Executive	07194157	27/05/15	--	--	--	--	--
Mr. M S Srinivasan	Independent Non-Executive	00261201	01/08/09	1	--	2	--	--
Mr. P V Krishna	Independent Non-Executive	0245987	27/05/15	--	--	--	--	--
Mr. Indraneel Dutt	Non-Executive	01942447	05/08/14	--	--	--	--	--
Ms. Tabassum M Wajid	Independent Non-Executive	06904452	25/03/15	--	--	--	--	--
Mr. Ranganathan V*	Non-Executive	07489345	12/04/16	--	--	--	--	--

\* Mr. Ranganathan V was inducted to the Board as the Additional Director on 12<sup>th</sup> April 2016 and pursuant to section 160 of the Companies Act 2013, Members at the Annual General Meeting on 03<sup>rd</sup> August 2016 further appointed him as the Director of the Company.

The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies, Section 8 Companies and Private Limited Companies.

### MEETINGS OF BOARD OF DIRECTORS

**Frequency:** The Board meets at once in a quarter to review the quarterly results and other items of the Agenda. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, decisions will be taken on the basis of resolutions passed by circulation and the same will be confirmed in the next Board / Committee Meeting. The Company effectively uses video conferencing facility to enable the participation of Directors who may not be able to attend physically due to some exigencies.

**Meetings Calendar:** The probable dates of the Board / Committee Meetings for the forthcoming year are decided well in advance in order to facilitate and assist the Directors to plan their schedules for the Meetings. The indicative annual calendar of the Meetings forms part of this Report.

**Board Meeting Location:** The location of the Board / Committee Meetings are informed well in advance to all the Directors. Each Director is expected to attend the Board / Committee Meetings.

**Notice and Agendas distributed in advance:** The Company's Board / Committees are presented with detailed notes, along with the agenda papers, well in advance of the Meeting. The Agendas for the Board / Committee Meetings are set by the Company Secretary in consultation with the Chairman of the Board / Committees. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the Meeting. Where it is not practical to attach any document to the Agenda, the same is

tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management

**Presentations by Management:** The Board / Committee is given presentations, wherever practicable covering finance, sales, marketing, major business segments and operations of the Company, including business opportunities, business strategy, risk management practices and operating performance of the Company before taking on record the financial results of the Company.

**Minutes of the Meetings:** The draft Minutes of the proceedings of the Meetings are circulated amongst the Directors/Members of the Board / Committees within fifteen days from the conclusion of the Meeting. Comments and suggestions, if any, received from the Directors/Members are incorporated in the Minutes, in consultation with the Chairman. The Minutes are confirmed by the Directors/Members and signed by the Chairman at the next Board / Committee Meetings. All Minutes of the Committee Meetings are placed before the Board Meeting for perusal and noting.

During the financial year 2016-17, the Board of Directors met 4 times - 25<sup>th</sup> May 2016, 03<sup>rd</sup> August 2016, 26<sup>th</sup> October 2016 and 08<sup>th</sup> February 2017.

Name	Attendance on Meetings held on				AGM
	25 <sup>th</sup> May 2016	03 <sup>rd</sup> Aug 2016	26 <sup>th</sup> Oct 2016	08 <sup>th</sup> Feb 2017	03 <sup>rd</sup> Aug 2016
Mr. Ricardo Suarez Garza	✓	✓	LoA	✓	✓
Mr. M S Srinivasan	✓	✓	✓	✓	✓
Mr. P V Krishna	✓	✓	✓	✓	✓
Mr. Indraneel Dutt	✓	✓	✓	LoA	✓
Mr. Tabassum M Wajid	✓	✓	LoA	✓	✓
Mr. Ranganathan V	✓	✓	✓	✓	✓

(✓- Attended, LoA – Leave of Absence)

## INDEPENDENT DIRECTORS

To ensure highest standards of integrity, corporate credibility, transparent governance and also to uphold the interests of Stakeholders, Company has conferred significant powers and responsibilities to three directors who are independent from the Management. The Independent Directors of the Company satisfies the requirements laid down under section 149(6) of the Companies Act 2013 and Regulation 16(1) (b) of the Listing Regulations. In compliance with section 149 (7) of the Companies Act 2013, Company has received a declaration from each of the Independent Directors confirming compliance with the criteria of independence as laid down under Listing Regulations and Section 149(6) of the Companies Act 2013.

The following Non-Executive Directors are considered as Independent Directors:-

Mr. M S Srinivasan	– Independent Director
Mr. P V Krishna	– Independent Director
Ms. Tabassum M Wajid	– Independent Director

**Meetings of the Independent Directors:** A separate meeting of Independent Directors was held during the year without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting.

The following matters were discussed in detail:

- Reviewed the performance of non-independent directors and the Board as a whole;
- Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**Familiarisation Programme:** The Familiarization Program is aimed to provide insights into the Company to enable the Independent Directors to understand the Company's business in depth that would facilitate their active participation in managing the Company and to update the independent directors on a continuing basis on any significant changes therein so as to be in a position to take well-informed and timely decision. Company has adopted Familiarisation policy and the same is available on the Company's website. Web link: <http://www.prolecge.in/corporate%20governance.html>

### BRIEF RESUME OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT:

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

### DISCLOSURE OF DIRECTORS' AND OTHERS INTEREST IN TRANSACTIONS WITH THE COMPANY

None of the Director's, Key Managerial Personnel's and Senior Management, whether they, directly, indirectly or on behalf of third parties, have had any material interest in any transaction or matter directly affecting the Company pursuant to the provisions of Regulation 4(2)(f) of the Listing Regulations.

None of the Directors of the Company are related to each other.

### COMMITTEE OF DIRECTORS

The Board has constituted Audit Committee, Stakeholder Relationship Committee and Nomination and Remuneration Committee to focus on the issues in the respective areas effectively and to use director's time more efficiently.

The functioning of all the Committees of the Board of Directors is guided by well-laid down terms of references that have been framed keeping in view the requirements prescribed for such Board Committees under the provisions of the Companies Act, 2013 and Listing Regulations.

During the Financial year, each Committee has played a significant role in upholding and nurturing the principles of good governance and assisting the Board of Directors in discharging its duties and responsibilities.

### AUDIT COMMITTEE:

The Audit Committee reviews with Management, the Statutory Auditors and the Internal Auditors, all aspects of the financial results, effectiveness of internal audit processes, taxation matters and the Company's risk management strategy. It assists the Board in fulfilling its responsibilities in monitoring and reviewing financial processes, governance and reviewing statutory and internal audit activities.

**Composition:** The Audit Committee consists of two Independent Directors and one Non-Executive Director. Company Secretary of the Company is acting as Secretary of the Audit Committee.

**Meetings and Attendance:** The Committee members met four times during the financial year ended 31<sup>st</sup> March 2017. The Attendance of members at the Committee Meetings is given below:

Members	Attendance on Meetings held on			
	25 <sup>th</sup> May 2016	03 <sup>rd</sup> Aug 2016	26 <sup>th</sup> Oct 2016	08 <sup>th</sup> Feb 2017
Mr. M.S Srinivasan Chairman	✓	✓	✓	✓
Mr. Ricardo Suarez Garza	✓	✓	LoA	✓
Mr. P V Krishna	✓	✓	✓	✓

(✓ - Attended, LoA – Leave of Absence)

### Roles and functions of the Audit Committee:

- Oversee the Company's financial reporting process and the disclosure of its financial information

- Recommend appointment/removal/remuneration and payment of other fees of the auditors.
- Reviewing and monitoring the Auditor's independence and performance and effectiveness of Audit process and discussion with Internal Auditors and Statutory Auditors of any significant findings and follow-up thereon
- Review with the management, the Quarterly and Annual financial statements along with the Limited Review Report and Auditor's report respectively.
- Reviewing and monitor the Internal Audit Report and the effectiveness on the Risk Management Plan and Internal Financial Controls
- Review adequacy of internal control systems, internal audit department, reporting structure and frequency, whistle blower mechanism, statutory compliances.
- Approval or any subsequent modification of Related Party Transactions of the Company.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Committee focuses primarily on monitoring and ensuring that the shareholder and investor services operate in an efficient manner and that all Stakeholders grievances / complaints are addressed promptly with the result that all issues are resolved rapidly and efficiently.

Board at their meeting held on 03<sup>rd</sup> August 2016 reconstituted the Committee to induct Mr. Ranganathan Vishwanathan as the member of the Committee.

The Committee consists of three non-executives Directors and the Company Secretary as the Secretary of the Committee.

Composition and the attendance of Members at the Meetings held during the financial year ended 31<sup>st</sup> March, 2017 is given below:

Members	Attendance on Meetings held on			
	25 <sup>th</sup> May 2016	03 <sup>rd</sup> Aug 2016	26 <sup>th</sup> Oct 2016	08 <sup>th</sup> Feb 2017
Mr. Ricardo Suarez Garza Chairman	✓	✓	LoA	✓
Mr. Indraneel Dutt	✓	✓	✓	LoA
Mr. Ranganathan Vishwanathan *	NA	NA	✓	✓

Mr. Sathyamoorthy A, Company Secretary of the Company is the Compliance officer and Secretary of the Committee.

### Investor Grievances Redressal Status

During the Financial Year Company has received one compliant and resolved to the satisfaction of shareholder. Complaint received from the Shareholder are well addressed and resolved to their satisfaction and as on the date of the report no complaints were held as unresolved.

### NOMINATION AND REMUNERATION COMMITTEE:

Nomination and Remuneration Committee has focused on formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees,

evaluation of performance of independent directors and the board of directors, devising a policy on diversity of board of directors, identifying persons who are qualified to become directors and who may be appointed in senior management and recommend to the board of directors for their appointment and removal.

The Committee consists of three Non-Executives Directors with an independent Director as Chairman and the Company Secretary as the Secretary of the Committee.

Committee met for one time during the financial year ended 31<sup>st</sup> March 2017. The Attendance of Members at the Meetings held during the financial year is given below:

Members	Attendance on Meetings held on
	25 <sup>th</sup> May 2016
Mr. P V Krishna (Chairman)	✓
Mr. M.S Srinivasan	✓
Ms Tabassum M Wajid	✓

**Performance evaluation criteria for Independent Directors (ID):** The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent

Directors. The framework of performance evaluation of the Independent Directors captures the participation of the Directors in the Board proceedings and his / her effectiveness, contribution at the meetings, guidance / support to the Management.

#### REMUNERATION TO DIRECTORS

During the Financial year ended 31<sup>st</sup> March 2017 no remuneration was paid to Directors except sitting fees to Independent Directors. The amount paid for the financial year ended 31 March, 2017 is summarized below during the financial year:

Name	Sitting fees (in ₹)
Mr. M. S. Srinivasan	1,60,000
Mr. P V Krishna	1,60,000
Ms.Tabassum M Wajid	60,000

#### GENERAL MEETINGS AND EXTRA ORDINARY GENERAL MEETINGS:

The particulars of Location, date and time of the Annual General Meeting held during the last 3 years and Special Resolutions passed thereat:

For Financial Year ended	Date and Time	Venue	Special Resolutions Passed
31 <sup>st</sup> March 2016	03 <sup>rd</sup> August 2016 At 02:00 P.M	GRT Regency Gandhi Road, Kanchipuram Tamilnadu-631502	Alteration of Memorandum of Association & Articles of Association
31 <sup>st</sup> March 2015	14 <sup>th</sup> August 2015 At 02:00 P.M	Pleasant Days Resort Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam Chennai 602 103	Approval for Related Party Transactions
31 <sup>st</sup> March 2014	5 <sup>th</sup> August 2014 at 2.00 PM	Pleasant Days Resort Chennai-Bangalore Trunk Road, Palanjur, Sembarambakkam Chennai 602 103	NIL

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

Year	Date and Time	Venue
2013-14	5 <sup>th</sup> November 2013 at 12.30 PM	Pleasant Days Resort Chennai-Bangalore Trunk Road Palanjur, Sembarambakkam Chennai 602 103

The particulars of Special Resolutions passed through Postal Ballot held during the last year are as under:

Financial Year	Details of Postal Ballot Process
2015-16	With due compliance of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the requisite majority of members has accorded for shifting the registered office of the Company through postal ballot. Mr. G P Srinath of M/s G P Srinath & Associates, Practicing Company Secretaries, Chennai acted as Scrutinizer for conducting the postal ballot (physical and e-voting) process. Based on his report, result was declared on 02 <sup>nd</sup> April 2016

**Details of voting pattern:**

Mode	Ballots Received	Favour			Against			Invalid		
		Ballots	Votes	%	Ballots	Votes	%	Ballots	Vote	%
Postal Ballot	66	58	79,02,310	99.9624	2	210	0.0027	6	2,762	0.0349
E- Voting	9	8	2,602	98.49	1	40	1.51	-	-	-
<b>Total</b>	<b>75</b>	<b>66</b>	<b>79,04,912</b>	<b>99.9619</b>	<b>3</b>	<b>250</b>	<b>0.0032</b>	<b>6</b>	<b>2,762</b>	<b>0.0349</b>

No Special Resolution is proposed to be conducted through postal ballot at the forthcoming Annual General Meeting of the Shareholders to be held in September 2017. Hence the procedure of postal ballot is not laid down.

**MEANS OF COMMUNICATION:**

The Annual Report, Quarterly, Half-Yearly and Annual Financial Results, Shareholding Pattern, Intimation of the Board Meetings and other statutory filings with the Stock Exchanges are posted through the filing system of the BSE Limited and NSE Electronic Application Processing System (NEAPS) portals. These results are generally published in the all India editions of The Financial Express and Makkal Kural. The financial results of the Company are also made available on the Company's website www.prolecge.in

All price sensitive information and matters which are material and relevant to the Shareholders are intimated to the BSE Limited and the National Stock Exchange of India Limited, where the securities of the Company are listed.

**SEBI COMPLAINTS REDRESSAL SYSTEM (SCORES):**

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and during the financial year, no complaint was reported.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management Discussion and Analysis (MDA) giving an overview of the Company's business and its financials are 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. All Board members and senior management personnel (as per Regulation 26(3) of the Listing Regulations) have affirmed compliance with the applicable Code of Conduct. A declaration to this effect forms part of this Report.

**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

Company has adopted Code of Conduct for prevention of Insider Trading under the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code lays down guidelines for procedures to be followed and disclosures to be made by insiders while trading in the securities of the Company.

The Company has also adopted a Code of Corporate Disclosure Practices, for ensuring timely and adequate disclosure of Unpublished Price Sensitive Information by the Company, to enable the investor community to take informed investment decisions with regard to the Company's shares

**SHAREHOLDERS' INFORMATION:**
**25th Annual General Meeting:**

The 25<sup>th</sup> Annual General Meeting will be held on Wednesday, 06<sup>th</sup> September 2017 at GRT Regency, 487, Gandhi Road, Kanchipuram, Tamilnadu-631502 at 2.30 P.M (IST).

**Financial Year of the Company**

The Company follows 1<sup>st</sup> April to 31<sup>st</sup> March as financial year.

**Financial Calendar (tentative)**

Results for the quarter ending June 30, 2017	Second week of August 2017
Results for the quarter ending September 30, 2017	Second week of November 2017
Results for the quarter ending December 31, 2017	Second week of February 2018
Results for the quarter ending 31st March, 2018	Third week of May 2018
AGM for the Financial year ending 31 <sup>st</sup> March, 2018	Second week of August 2018

**Date of book closure:**

31<sup>st</sup> August 2017 to 06<sup>th</sup> September 2017 (both days inclusive)

**LISTING OF SHARES ON STOCK EXCHANGES**

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited.  
 BSE Limited National Stock Exchange of India  
 Phiroze Jeejeebhoy Towers, Limited  
 Dalal Street, Fort, Exchange Plaza, 5th Floor, Plot  
 Mumbai – 400 023 No. C/1, G Block, Bandra Kurla  
 Complex, Bandra (E),  
 Mumbai – 400 051

**Stock Code**

Stock Exchange	Code
BSE Limited	532717
National Stock Exchange of India Limited	INDOTECH
ISIN number for equity shares	INE332H01014

**STATUS OF LISTING FEES**

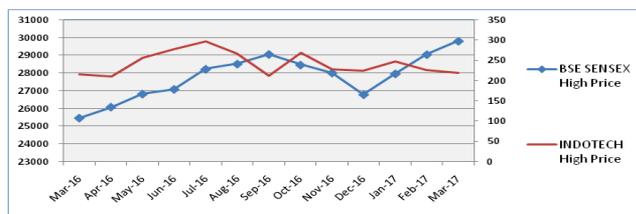
The Company has paid Listing Fees for the financial year 2016-17 to the National Stock Exchange of India Limited and BSE Limited.



**STOCK PRICE DATA**

Month	NSE		BSE	
	High	Low	High	Low
April 2016	209.00	184.00	210.20	183.30
May 2016	258.10	180.30	257.15	182.00
June 2016	277.90	225.70	277.50	230.30
July 2016	297.80	260.05	297.95	257.00
August 2016	268.50	185.10	268.00	189.00
September 2016	212.55	177.00	211.15	178.00
October 2016	270.00	181.75	270.00	183.50
November 2016	228.40	165.20	228.00	180.10
December 2016	224.90	198.25	224.00	197.10
January 2017	247.60	210.25	247.30	204.00
February 2017	210.25	197.20	212.60	198.00
March 2017	220.00	200.10	219.80	203.00

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

**PERFORMANCE IN COMPARISON TO BSE SENSEX****REGISTRAR AND SHARE TRANSFER AGENTS****Link Intime India Private Limited**

C101,247Park,L.B.S.Marg,Vikhroli (West),

Mumbai - 400083

Phones : 022 - 4918 6270 Fax : 022-4918 6060

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

**Shareholding Pattern as on 31<sup>st</sup> March 2017**

Category	No. of Shares	Percentage
Foreign Company	7,895,625	74.35
Hindu Undivided Family	212,101	2.00
Non Resident (Non Repatriable)	9,499	0.09
Non Resident Indians	30,831	0.29
Other Bodies Corporate	17,312	4.87
Public	1,883,175	17.73
Financial Institution	4,391	0.04
Banks	7,470	0.07
Clearing Members	59,596	0.56
<b>Total</b>	<b>10,620,000</b>	<b>100.00</b>

**SHARE TRANSFER, TRANSMISSIONS, SPLITS, SUB-DIVISION, CONSOLIDATION, RE-MAT**

During the financial year ended 31<sup>st</sup> March 2017, on the basis of an application for rematerialisation of shares received from shareholder, Company with the consent of Board of Directors and Stakeholder Relationship Committee has issued physical Share Certificate.

No applications for transfer/ transmission/split/subdivision/ consolidation were received during the financial year ended 31<sup>st</sup> March 2017.

**SHAREHOLDING SUMMARY AS ON 31<sup>ST</sup> MARCH 2017**

Category	Total Shares	% to Equity
Physical	3,252	0.03
NSDL	95,65,329	90.07
CDSL	10,51,419	9.90
<b>Total</b>	<b>10,620,000</b>	<b>100.00</b>

**DISTRIBUTION SCHEDULE AS ON 31 MARCH 2017**

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% of Shareholding
1 to 500	9125	93.02	7,37,353	6.94
501 to 1000	311	3.17	2,52,084	2.37
1001 to 2000	181	1.85	2,65,992	2.50
2001 to 3000	61	0.62	1,53,569	1.45
3001 to 4000	29	0.29	1,01,905	0.96
4001 to 5000	29	0.29	1,37,491	1.30
5001 to 10000	36	0.37	2,58,468	2.43
Greater than 10000	38	0.39	87,13,138	82.05
<b>TOTAL</b>	<b>9810</b>	<b>100.00</b>	<b>10,620,000</b>	<b>100.00</b>

**GREEN INITIATIVE IN THE CORPORATE GOVERNANCE**

As part of the green initiative process, the company has taken the initiative of sending documents like Notice calling Annual General meeting, Corporate Governance Report, Directors Report, audited Financial Statements, Auditors Report, Dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

**PLANT LOCATION & ADDRESS FOR CORRESPONDENCE**

Indotech transformers Limited

Survey No. 153-210, Illuppapattu Village Near Rajakulam, Kancheepuram (Dist.), Tamilnadu – 631561

**DISCLOSURES****Related Party Transactions:**

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. The Company does not have any subsidiary or associate. Transactions with related parties are entered into by the Company in the normal course of business and at arm's length. The details of transactions are periodically placed before the Audit Committee for review and approval. Members may refer to the notes to the accounts for details of related party transactions.

Company has adopted a policy on related party transaction and it is placed on website of the Company Web link: <http://www.prolecge.in/corporate%20governance.html>.

**Compliance with Regulations:**

The Company has complied with the requirements of the Regulatory Authorities on Capital Markets. Neither has there been any instances

of non-compliance by the Company on any matters related to the capital markets, nor has any penalty or stricture been imposed on the Company by the Regulatory Authorities or any statutory authority, on any matter related to capital markets, during the last three years.

**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. The Company affirms that no employee has been denied access to the Audit Committee. The Whistle-blower Policy is placed on website of the Company.

**Transfer of shares to Investor Education and Protection Fund:**

Pursuant to the provisions of Section 123 of the Companies Act, 2013, the dividend, which remain unclaimed for seven years is required to be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013. Accordingly Company has transferred the unclaimed dividend amounts pertaining to the interim dividend declared during the financial year 2008-09.

By vide notification dated 5th September 2016, Central Government has notified the provisions of section 124, sub-section (6). Section 124 (6) of the Companies Act 2013 read with Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 mandate the Company to transfer all the shares in respect of which dividend has not been paid or claimed for the seven consecutive years or more to the Demat account of the Investor Education and Protection Fund.

As on the date of the notification of the aforesaid sections, 330 shareholders holding 12173 shares of the Company has not claimed the dividend amount declared during the financial year 2008-09. Pursuant to Section 124 (6) of the Companies Act 2013 read with Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Company has to transfer the 12173 shares of the Company to the Demat account of the Investor Education and Protection Fund. The detailed list of the Shareholders and the respective shares liable to transfer is uploaded in the website of the Company.

In compliance with the provisions, Company has taken the approval of Board of Directors at their meeting held on 26<sup>th</sup> of October 2016 and intimated the stock exchanges. Further Company has dispatched individual notice to shareholders whose shares are liable to get transferred and published the notice in the newspaper and website.

**Details of Compliance with Mandatory Requirements and adoption of Non-Mandatory Requirements:**

The Company has complied with the applicable mandatory requirements of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

The Company has adopted following non-mandatory requirements as specified in Part E of Schedule II of the SEBI (LODR) Regulations 2015.

- A Non-Executive Chairperson is entitled to maintain a Chairperson's office at the Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties.

- During the year under review, there was no audit qualification in the Auditors' Report on the Company's financial statements.
- The Chairperson of the Company and the CEO are different persons.
- The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the Meeting for reporting their findings of the internal audit to the Audit Committee Members

**Policy for determining 'material' subsidiaries:**

Company does not have any subsidiary / subsidiaries. However company has adopted a policy on determining material subsidiary and it is placed on website of the Company (web link: <http://www.prolecge.in/compliance.html>).

**Disclosure of commodity price risks and commodity hedging activities**

The principal raw materials of the Company are Copper, CRGO and Oil etc. These are procured from the domestic suppliers. The price differences are adequately covered in the selling price of the finished products and Company does not indulge in any commodity hedging activities.

**Compliance or otherwise of any requirement of Corporate Governance Report**

The Company has complied with the requirements of the Corporate Governance and has made disclosures to the extent required and applicable to it, as stipulated in Listing Regulations.

**Correspondence regarding Change of Address etc**

Shareholders are requested to ensure that any correspondence for change of address, change in Bank Mandates, etc. should be signed by the first named shareholder. The company is now also requesting for supporting documents such as proof of residence and proof of identification whenever a letter requesting for change of address is received. This is being done in the interest of shareholders as there are cases in the corporate world where attempts are made to fraudulently change the registered address of shareholders by unscrupulous parties. Shareholders are requested to kindly co-operate and submit the necessary documents / evidence while sending the letters for change of address. Shareholders who hold shares in dematerialised form should correspond with the Depository Participant with whom they have opened Demat Account/s.

**Pending Investors' Grievances'**

Any shareholder whose grievance has not been resolved to his / her satisfaction may kindly write to the Company Secretary at the Registered Office with a copy of the earlier correspondence

for and on behalf of the Board of Directors

**INDO-TECH TRANSFORMERS LIMITED**

Tabassum M Wajid  
Director  
DIN: 06904452

Indraneel Dutt  
Director  
DIN: 01942447

Place : Bangalore  
Date : 14<sup>th</sup> July 2017

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which may contain certain statements describing the Company's objectives, expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company is not obliged to update any such forward-looking statements. Some important factors that could influence the Company's operations comprise economic developments, pricing and demand and supply conditions in global and domestic markets, changes in government regulations, tax laws, litigation and industrial relations.

### INDUSTRY

Power sector in India is experiencing a massive upsurge and experiencing a paradigm shift both in terms of additional generation capacity and in terms of the consumption levels. Government has taken various initiatives ranging from Deen Dayal Upadhyaya Gram Jyoti Yojana to Ujwal DISCOM Assurance Yojana (UDAY) which has given a new dynamism to the distribution Companies.

The electricity generation grew by 4.7% to 1,159.83 billion units (BU) in 2016-17 as compared to 1,107.82 BU generated in the previous year (2015-16). The generation during 2015-16 was 1107.822 BU as compared to 1048.673 BU generated during April- March 2015, representing a growth of about 5.64%.

Massive investment is being made in modernizing the transmission and transformational capacity. Substantial investment is being made for the first time in the distribution networks with the objective of bringing the operation at the rural areas, electrifying every single village, extending power to all the households. All this has a huge impact and the Government foresees that 175 gigawatt additional capacity would come from renewable.

A robust and efficient power T&D infrastructure is imperative for effective transfer of power from generation source to the consumption points / demand centres. Thus, expanding the T&D infrastructure to transmit the power generated to consumer points across the length and breadth of the country becomes imperative.

### OPPORTUNITIES, CONCERNS AND RISKS

#### Opportunities

The power and distribution transformers market in India is projected to grow at a CAGR of over 10% till 2020. Power transformers contribute a major portion in overall market revenues due to their higher price points. Indian government has allocated US\$ 200 billion for strengthening the country's power generation, transmission and distribution sector as a strategy towards the 12th Five year plan.

India is also focusing on use of alternative energy resources like nuclear and solar energy for power generation, which is expected to further boost transformer deployments in the country in the coming years. With the Central and various state governments' huge emphasis on growth of infrastructure sector (mainly on Power, Transportation logistics, construction, etc.), key initiatives such as Make in India, complete rural electrification by 2020 etc., led the India's economy and more

particularly, power sector is expected to grow at double digit rate for next few years.

A transformer is regarded as the most expensive asset in a power transmission network as it nearly cost 60% of the total substation capital cost. Transformers are critical components of the Power T&D network that are used to change voltage in the power transmission and distribution process, and hence play a key role. Transformers can be broadly classified, based on the output rating as:

- Distribution Transformers (31.5 to 5,000 KVA)
- Power Transformers (5.1 to 500 MVA)

**Solar parks to create demand:** In the solar park, transformers are required as part of the power evacuation system. Step-up generation transformers (33KV) would be needed at each power injection point in the solar park from where power would be transmitted to the nearest substation, which will have a step-up transformer (220KV), which will raise voltage to higher levels for feeding into the power grid. The company hopes that roll-out of solar power parks can create enough demand.

#### Concerns and Risks:

- **Raw material price volatility:**

Copper and CRGO laminated Silicon Steel are the major raw material which contributes more than 50% cost of total raw material. Adverse price movement of both commodities can impact the margins of the Company. The Copper price is determined by the London Metal Exchange (LME). CRGO which is one of the major raw materials for transformers is not being manufactured in India causing more FOREX outflow and the importers levy high service charge from the manufacturers.

- **Unorganized players:**

In addition to severe competition with MNC players, domestic manufacturers, Chinese and Korean manufacturer's entry makes the market very competitive. Company has to compete with unorganized players for orders from SEBs, utilities and industrial clients.

- **Overcapacity in industry**

Due to the entry of large number of players during favorable time, there is overcapacity in the industry currently. As a result aggressive pricing is undertaken by some of the players which could impact margins.

- **Utility Orders**

Generally, all Contract awarding by the utilities are based on L1 bidder which resulting in price war with unorganized players without compromise on the quality is the challenge for the organized quality driven Companies. The payment terms of utilities are generally high credit period compared to private parties which impact the Company's cash flow.

### BUSINESS OVERVIEW AND OUTLOOK

Given the capacity expansion plans of state-owned transmission companies, demand is expected for high voltage and extra high voltage power transformers and for distribution large transformers. 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.

#### **RISK AND INTERNAL CONTROLS**

The Audit Committee and the Board of Directors reviewed internal controls and the progress of implementation of the recommendations of internal audits. The CEO/CFO certification provided in the report discusses the adequacy of our internal control systems and procedures.

The Company has an Internal Financial Control (IFC) process which aims at providing reasonable assurance on - reliability of financial information, compliances with laws and regulations in force and realization and optimization of operations. It ensures documentation and evaluation of unit and entity level controls through existing policies and procedures, primarily to identify any significant gaps and define key actions for improvement. Management conducted an assessment of the effectiveness of internal financial controls and based on this assessment, management has determined that the Company's internal financial controls as of 31 March 2017 were effective.

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.

#### **FINANCIAL AND OPERATIONS PERFORMANCE**

The financial statements complied with the requirements of the Companies Act, 2013, and the Generally Accepted Accounting Principles (GAAP) in India. The financial performance of your Company was 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

#### **HUMAN RESOURCES**

Your company recognizes the importance of human resources as it represents the backbone of corporate success. In our journey to ensure better productivity in 2016-17, The Human Resources department has undertaken several initiatives during the financial year for training and development activities of workmen and employees. Your company is confident of reaping the best from its talent pool and sharing benefits with employees on an equitable basis. Further Human Resources department focused on reducing the overhead costs wherever feasible. Company has transferred its work force from Thirumazhisai plant to Kanchipuram plant during the financial year which in turn contributed to the unification and improvements in the culture and interpersonal relationship between the workforce and the supervisors and managers in the shop floor. Staff strength was rationalized in its initiative to change over from quantitative to qualitative head count.

## Auditors' Certificate on Corporate Governance

To

### The Members of Indo Tech Transformers Limited

We have examined the compliance of conditions of Corporate Governance by Indo Tech Transformers Limited ('the Company'), for the year ended March 31, 2017, as per regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), to the extent applicable.

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.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

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 specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of Listing Regulations, to the extent applicable.

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

### Restrictions on use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

for **B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration No. - 101248W/W-100022

**Amar Sunder**

*Partner*

Membership No. 078305

Place: Chennai

Date: May 17, 2017

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

We hereby certify that for the financial year ending 31<sup>st</sup> March 2017, 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 financial year ending 31<sup>st</sup> March 2017, 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: 17<sup>th</sup> May 2017

**Ajay Kumar Sinha**      **Abhishek Dalmia**  
Chief Executive Officer      Chief Financial Officer

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S 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.prolecge.in](http://www.prolecge.in).

We confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March 2017, 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 functional heads.

Place: Chennai  
Date: 17<sup>th</sup> May 2017

**Ajay Kumar Sinha**  
Chief Executive Officer

## Independent Auditor's Report

### To the Members of Indo Tech Transformers Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Indo Tech Transformers Limited** ('the Company'), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that

are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2017 and its loss and its cash flows for the year 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, commitment by the holding company to provide financial and other assistance as is necessary to enable the Company to continue in operational existence for the foreseeable future, at least for a period of 12 months from the balance sheet date and availability of banking limits, the Company believes that it would be able to meet its financial requirements and no adjustments would be required in respect of the carrying value of assets/liabilities. Accordingly, the financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, we enclose in 'Annexure – A', a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The balance sheet, the statement of profit and loss and the statement of cash flow dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) The going concern matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements.
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. there has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 – Refer Note 38 to the financial statements.

*for* **B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 101248W/W-100022

**Amar Sunder**

*Partner*

Membership No. 078305

Place: Chennai

Date: May 17, 2017



**Annexure – A to Independent Auditors’ Report Referred to in our Independent Auditors’ Report of even date to the members of Indo Tech Transformers Limited on the financial statements as of and for the year ended March 31, 2017**

- |  |   |
|--|---|
| <p>i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The Company has a regular program 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.</p> <p>(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for one number of immovable property amounting ₹ 13.2 lakhs as at March 31, 2017 for which the Company is in process of obtaining registration.</p> | <p>iv. The Company has not granted any loans or made any investments or provided any guarantee or security to the parties covered under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.</p> <p>v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder.</p> <p>vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, 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.</p>  |
| <p>ii. (a) The inventory, except certain goods-in-transit and stocks lying with third parties, has been physically verified by the management during the period. In our opinion, the frequency of such verification is reasonable. For major portion of stocks lying with third parties at the year end, written confirmations have been obtained by the Company.</p> <p>(b) The inventory has been physically verified by the management during the year. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between physical stock and book records were not material.</p>  | <p>vii. (a) According to the information and explanations given to us and on the basis of an examination of the records of the Company, in our opinion, amount deducted/accrued in the books of account in respect of undisputed statutory dues, including provident fund, employees’ state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except in respect of income tax deductible at source estimated at ₹ 42.8 lakhs which has not been deducted/paid .</p> <p>According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and other statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.</p> |
| <p>iii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.</p>  | <p>(b) According to the information and explanations given to us, the dues relating to income tax, sales tax, duty of excise and duty of customs that have not been deposited by the Company with the appropriate authorities on account of disputes are given below.</p>   |

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
The Customs Act, 1962	Customs duty	1,417,317*	FY 2004-05	Custom Excise and Service Tax Appellate Tribunal, Chennai
The Central Sales Tax Act, 1956	Central sales tax	441,618	FY 1996-97	Madras High Court
The Central Sales Tax Act, 1956	Central sales tax	362,608^	FY 2005-06 FY 2006-07	Assistant Commissioner of Commercial Taxes, Chennai
Tamil Nadu General Sales Tax Act, 1959	Penalty	15,607	FY 1996-97	Commissioner of Commercial Tax Appeals
Tamil Nadu Value Added Tax Act, 2006	Sales tax	1,411,682@	AY 2006-07, 2007-08, 2008-09 and 2009-10	Appellant Deputy Commissioner of Commercial Taxes
Central Excise Act, 1944	Excise duty	14,602,445	FY 2008-09 to December 2012	Custom Excise and Service Tax Appellate Tribunal, Chennai
Central Excise Act, 1944	Excise duty	6,867,642	January 2012 to December 2013 and March 2014 to March 2015	Joint Commissioner of Central Excise, Chennai
Central Excise Act, 1944	Excise duty	6,646,290	December 2014 to December 2015	Additional Commissioner of Central Excise
Central Excise Act, 1944	Excise duty	1,679,536	March 2011	Additional Commissioner of Service Tax
Income-tax Act, 1961	Income tax	1,879,032	AY 2005-06	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income tax	6,351,833	AY 2006-07	Commissioner of Income Tax (Appeals)
* net of ₹ 1,272,500 paid under protest ^ net of ₹ 2,500,000 paid under protest @ net of ₹ 554,793 paid under protest				

- viii. 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 does not have any outstanding loan or borrowings from any financial institutions, government or debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.

- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable.

*for* **B S R & Co. LLP**  
*Chartered Accountants*  
ICAI Firm Registration Number: 101248W/W-100022

**Amar Sunder**  
*Partner*  
Membership No. 078305

Place: Chennai  
Date: May 17, 2017

**Annexure - B to the Independent Auditors' Report Referred to in our Independent Auditors' Report of even date to the members of Indo Tech Transformers Limited on the financial statements as of and for the year ended March 31, 2017****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Indo Tech Transformers Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

**Amar Sunder**

Partner

Membership No. 078305

Place: Chennai

Date : May 17, 2017

**Balance Sheet as at March 31, 2017**

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

	Note	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	106,200,000	106,200,000
Reserves and surplus	4	1,279,846,676	1,442,515,287
		<b>1,386,046,676</b>	<b>1,548,715,287</b>
<b>Non-current liabilities</b>			
Long-term provisions	5	9,848,455	14,361,152
		<b>9,848,455</b>	<b>14,361,152</b>
<b>Current liabilities</b>			
Trade payables	6	382,737,502	418,595,703
Other current liabilities	7	182,556,823	134,534,300
Short-term provisions	5	48,205,148	10,711,469
		<b>613,499,473</b>	<b>563,841,472</b>
<b>Total</b>		<b>2,009,394,604</b>	<b>2,126,917,911</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible fixed assets	8	542,931,299	621,484,519
Intangible fixed assets	9	161,435	382,166
Capital work-in-progress	8	3,641,630	574,530
Deferred tax assets (net)	10	-	-
Long-term loans and advances	11	75,846,954	64,736,741
Other non-current assets	12	2,978,172	13,936,281
		<b>625,559,490</b>	<b>701,114,237</b>
<b>Current assets</b>			
Inventories	13	471,091,311	352,065,908
Trade receivables	14	597,425,501	646,070,732
Cash and bank balances	15	101,962,116	234,213,364
Short-term loans and advances	16	158,743,000	181,884,091
Other current assets	17	54,613,186	11,569,579
		<b>1,383,835,114</b>	<b>1,425,803,674</b>
<b>Total</b>		<b>2,009,394,604</b>	<b>2,126,917,911</b>
Significant accounting policies	2		

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

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. - 101248W/W-100022

**Amar Sunder**

Partner

Membership No.: 078305

for and on behalf of the Board of Directors of  
**Indo Tech Transformers Limited****Ricardo Suarez Garza**

Chairman

DIN: 07194157

**Indraneel Dutt**

Director

DIN: 01942447

**Abhishek Dalmia**

Chief Financial Officer

**Sathyamoorthy A**

Company Secretary

Place: Chennai

Date: May 17, 2017

Place: Chennai

Date: May 17, 2017

## Statement of Profit and Loss for the year ended March 31, 2017

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

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Revenue from operations</b>			
Sale of products (gross)	18	1,601,913,554	2,047,319,779
Less: Excise duty		153,133,153	205,570,052
Sale of products (net)		1,448,780,401	1,841,749,727
Sale of services		29,939,819	44,060,959
Other operating revenues		9,352,531	12,920,599
<b>Total</b>		<b>1,488,072,751</b>	<b>1,898,731,285</b>
<b>Other income</b>	19	16,489,296	127,575,336
<b>Total revenue</b>		<b>1,504,562,047</b>	<b>2,026,306,621</b>
<b>Expenses</b>			
Cost of materials consumed	20	1,238,372,623	1,475,302,915
Changes in inventories of finished goods and work-in-progress	21	(140,726,746)	33,441,730
Employee benefits	22	171,532,298	160,727,049
Finance costs	23	10,332,960	-
Depreciation and amortization	24	48,163,715	53,509,988
Other expenses	25	317,490,883	263,079,359
<b>Total expenses</b>		<b>1,645,165,733</b>	<b>1,986,061,041</b>
<b>Profit/ (Loss) before tax</b>		<b>(140,603,686)</b>	<b>40,245,580</b>
<b>Tax expense:</b>		-	-
current tax relating to earlier years		22,064,925	-
<b>Profit/ (Loss) for the year</b>		<b>(162,668,611)</b>	<b>40,245,580</b>
<b>Earnings per equity share:</b>			
- Basic		(15.32)	3.79
- Diluted		(15.32)	3.79
Weighted average number of equity shares outstanding during the year		10,620,000	10,620,000
Nominal value of equity shares (₹)		10	10
Significant accounting policies	2		
The notes referred to above form an integral part of the financial statements.			

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. - 101248W/W-100022

**Amar Sunder**

Partner

Membership No.: 078305

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

**Ricardo Suarez Garza**

Chairman

DIN: 07194157

**Indraneel Dutt**

Director

DIN: 01942447

**Abhishek Dalmia**

Chief Financial Officer

**Sathyamoorthy A**

Company Secretary

Place: Chennai

Date: May 17, 2017

Place: Chennai

Date: May 17, 2017

**Cash Flow Statement for the year ended March 31, 2017**

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

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Cash flows from operating activities</b>			
Profit / (Loss) before tax		(140,603,686)	40,245,580
Adjustments:			
Depreciation / amortization		48,163,715	53,509,988
Profit on sale of fixed assets		(416,727)	-
Profit on sale of assets held for sale		-	108,304,055
Provision for doubtful debts, net		51,293,941	17,558,737
Bad debts written off		1,027,806	
Interest income		(8,799,427)	(6,764,137)
Foreign exchange (gain) / loss, net (unrealised)		487,433	(100,229)
Liabilities / provisions no longer required written back		(1,174,000)	(5,851,374)
Provision for inventories		4,328,024	4,225,262
Provision for warranty		(2,517,499)	4,794,436
Finance costs		10,332,960	-
<b>Operating cash flow before working capital changes</b>		<b>(35,611,710)</b>	<b>215,922,318</b>
(Increase) / decrease in inventories		(123,353,427)	47,426,026
(Increase) / decrease in trade receivables		(3,914,371)	(144,335,531)
(Increase) / decrease in loans and advances and other assets		21,501,503	(172,506,954)
Increase / (decrease) in trade payables, other liabilities and provisions		24,256,550	28,417,169
<b>Cash flow used in operations</b>		<b>(117,121,455)</b>	<b>(25,076,972)</b>
Income taxes paid		707,261	1,678,215
<b>Net cash used in operating activities</b>	<b>( A )</b>	<b>(117,828,716)</b>	<b>(26,755,187)</b>
<b>Cash flows used in investing activities</b>			
Purchase of fixed assets (tangible fixed assets and capital work-in-progress), net		(23,296,140)	(9,437,075)
Proceeds from sale of fixed assets/ held for sale		968,807	115,742,500
Interest received		7,279,652	-
Bank deposits (having original maturity of more than three months), net		2,282,113	(24,151,741)
<b>Net cash from / (used in) investing activities</b>	<b>( B )</b>	<b>(12,765,568)</b>	<b>82,153,684</b>

**Cash Flow Statement for the year ended March 31, 2017 (continued)**

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

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Cash flows from financing activities</b>			
Proceeds from short term borrowings		65,000,000	-
Repayment of short term borrowings		(65,000,000)	-
Finance costs paid		(10,332,960)	-
<b>Net cash from financing activities</b>	( C )	<u>(10,332,960)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	( A+B+C )	<u>(140,927,244)</u>	<u>55,398,497</u>
Cash and cash equivalents at the beginning of the year (see note below)		<u>161,977,672</u>	<u>106,579,175</u>
<b>Cash and cash equivalents at the end of the year (see note below)</b>	15	<u>21,050,428</u>	<u>161,977,672</u>
<b>Notes to cash flow statement</b>			
		As at March 31, 2017	As at March 31, 2016
<b>Components of cash and cash equivalents:</b>			
- Cash on hand		2,986	4,560
- Balances with banks			
- on current accounts (including monies held in trust)		11,673,982	3,739,499
- on cash credit accounts		9,373,460	17,189,040
- on deposit accounts (with original maturity of 3 months or less)		-	141,044,573
		<u>21,050,428</u>	<u>161,977,672</u>

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 & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. - 101248W/W-100022

**Amar Sunder**

Partner

Membership No.: 078305

**for and on behalf of the Board of Directors of  
Indo Tech Transformers Limited**
**Ricardo Suarez Garza**

Chairman

DIN: 07194157

**Indraneel Dutt**

Director

DIN: 01942447

**Abhishek Dalmia**

Chief Financial Officer

**Sathyamoorthy A**

Company Secretary

Place: Chennai

Date: May 17, 2017

Place: Chennai

Date: May 17, 2017



## Notes to financial statements for the year ended March 31, 2017 (continued)

(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 Chennai and Kancheepuram in Tamil Nadu.

### 2 Significant Accounting Policies

#### a Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified and applicable) and guidelines issued by the Securities and exchange Board of India (SEBI). The financial statements are presented in Indian rupees.

The Company has consistently been incurring operational losses over the last few years and has significant accumulated losses as at the year ended March 31, 2017. In order to overcome this, the Company has developed a business plan to strengthen its financial position / liquidity and is in the process of initiating various measures to improve its operational performance. Prolec GE (the holding company) has also continued to support the Company over the years. Based on the approved business plans, commitment by the holding company to provide financial and other assistance as is necessary to enable the Company to continue in operational existence for the foreseeable future (at least for the next 12 months) and availability of banking limits, the Company believes that it would be able to meet its financial requirements and no adjustments would be required in respect of the carrying values of assets/liabilities. Accordingly, this Financial Statement has 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 judgements, 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 years.

#### c Revenue recognition

Revenue from sale of goods is recognised 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.

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.

### Depreciation

Depreciation is provided on the straight line method over the useful life as prescribed under Part C of Schedule II of the Companies Act 2013. Depreciation for assets purchased / sold during a year is proportionately charged.

Fixed Assets	Useful life (in years)
Buildings	30 - 60
Plant and machinery	15
Office equipments	5
Computer and accessories	3 - 6
Furnitures and fixtures	10
Vehicles	8

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

### Intangible fixed assets and amortisation

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

#### e Impairment

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

#### f Leases

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

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 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	Weighted average and including an appropriate share of fixed production overheads
Finished goods	Weighted average and including an appropriate share of fixed production overheads (excise duty in respect of closing inventory of finished goods is included as part of inventory)

#### h 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.

**i Employee benefits****Short term employee benefits**

Employee benefits payable wholly within twelve months of receiving employee service are classified as short-term employee benefits. These benefits include salaries, wages and bonus. The undiscounted amount of short-term employee benefits to be paid in exchange of employee services is recognised as an expense as the related service is rendered by employees.

**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.

**Defined benefit plans**

**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 using projected unit credit method. 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.

**j Earnings per share**

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

**k Taxation**

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

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.

**l 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.

**m Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/ loss 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 operating, financing and investing activities of the Company are segregated.

**n Government and other grants**

Grant and subsidies are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. Government and other grants in the nature of promoter's contribution are credited to capital reserve and treated as a part of shareholders' funds.

**o Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

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

Particulars	As at	
	March 31, 2017	March 31, 2016
<b>Authorised</b> 15,300,000 (March 31,2016: 15,300,000) Equity Shares of ₹ 10 each	153,000,000	153,000,000
<b>Issued, subscribed and paid up</b> 10,620,000 (March 31,2016: 10,620,000 ) Equity Shares of ₹ 10 each fully paid up	106,200,000	106,200,000

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

Particulars	As at March 31,2017		As at March 31,2016	
	Number of shares	Amount	Number of shares	Amount
At the commencement and at the end of the year	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 year ended March 31, 2017, the Company has not declared any dividend.

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

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹ 10 each fully paid up held by: Prolec GE Internacional, S de R.L de C.V., Mexico, the holding Company	7,895,625	78,956,250	7,895,625	78,956,250

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	% of total shares in the class	Number of shares	% of total shares in the class
Equity shares of ₹ 10 each fully paid up held by: Prolec GE Internacional, S de R.L de C.V., Mexico, the holding Company	7,895,625	74.35%	7,895,625	74.35%

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**4 Reserves and surplus**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
<b>Securities premium account</b>		
At the commencement and at the end of the year	375,848,190	375,848,190
<b>Capital Reserve</b>		
At the commencement and at the end of the year	1,49,12,50,000	1,491,250,000
	<b>1,491,250,000</b>	<b>1,491,250,000</b>
<b>General reserve</b>		
At the commencement and at the end of the year	193,353,153	193,353,153
	<b>193,353,153</b>	<b>193,353,153</b>
<b>Surplus (Profit and loss balance)</b>		
At the commencement of the year	(617,936,056)	(658,181,636)
(Loss) / Profit for the year	(162,668,611)	40,245,580
<b>At the end of the year</b>	<b>(780,604,667)</b>	<b>(617,936,056)</b>
<b>Total reserves and surplus</b>	<b>1,279,846,676</b>	<b>1,442,515,287</b>

**5 Provisions**

Particulars	Long-term		Short-term	
	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Provision for employee benefits</b>				
Gratuity	2,461,301	5,512,646	-	-
Compensated absences	3,002,544	553,338	659,736	120,063
	<b>5,463,845</b>	<b>6,065,984</b>	<b>659,736</b>	<b>120,063</b>
<b>Other provisions</b>				
Provision for warranty	4,384,610	8,295,168	11,265,514	9,174,089
Provision for income tax	-	-	34,862,581	-
Provision for others	-	-	1,417,317	1,417,317
	4,384,610	8,295,168	47,545,412	10,591,406
<b>Total</b>	<b>9,848,455</b>	<b>14,361,152</b>	<b>48,205,148</b>	<b>10,711,469</b>

**Additional disclosures relating to certain provisions (as per Accounting Standard 29 - Provisions, Contingent liabilities and Contingent Assets)**

Particulars	Warranty		Others	
	As at	As at	As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
At the commencement of the year	17,469,257	13,792,591	1,417,317	1,417,317
Provision made during the year	7,046,769	9,223,465	-	-
Provision utilised during the year	-	-	-	-
Unutilised provision written back during the year	8,865,902	5,546,799	-	-
<b>At the end of the year</b>	<b>15,650,124</b>	<b>17,469,257</b>	<b>1,417,317</b>	<b>1,417,317</b>

**Provision for warranties:** A provision is estimated for expected warranty claims in respect of products sold during the year 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, as per the terms of the contract.

**Provision for income tax :** During the year, the Company has filed an application for settlement under 'The Direct Tax Dispute Resolution Scheme, 2016' to facilitate quick resolution of certain tax disputes relating to earlier years. Provision for income tax represents the tax expense of ₹ 220.65 lakhs, interest expense of ₹ 72.81 lakhs (included in note 23) and penalty of ₹ 55.16 lakhs (included in note 25) accrued based on such settlement.

**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.

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**6 Trade payables**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Dues to micro and small suppliers (Refer note 34)	-	-
Dues to others	382,737,502	418,595,703
<b>Total</b>	<b>382,737,502</b>	<b>418,595,703</b>

**7 Other current liabilities**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Amount payable towards Investor Education and Protection Fund	-	381,567
Advance from customers	156,339,178	117,205,011
Employees benefits payable	11,344,193	9,024,255
Statutory dues payable	14,873,452	7,923,467
<b>Total</b>	<b>182,556,823</b>	<b>134,534,300</b>

**Notes to financial statements for the year ended March 31, 2017**  
(All amounts are in Indian Rupees, except share data or as stated)

8

**Tangible fixed assets**

Particulars	Freehold land	Buildings	Plant and machinery	Office equipments	Computer and accessories	Furniture and fixtures	Vehicles	Total
<b>Gross block</b>								
Balance as at April 1, 2015	111,888,314	361,665,737	478,431,299	4,455,869	14,485,561	21,894,880	7,487,310	1,000,308,970
Additions	-	120,000	9,301,780	16,750	420,231	457,726	-	10,316,487
Deletions / write off	-	-	-	-	-	-	-	-
Balance as at March 31, 2016	111,888,314	361,785,737	487,733,079	4,472,619	14,905,792	22,352,606	7,487,310	1,010,625,457
Additions	2,500,000	11,986,841	5,562,127	6,930	173,143	-	-	20,229,041
Deletions / write off	-	-	-	-	-	-	5,782,591	5,782,591
Reclassification to assets held for sale (Refer note 17)	5,075,856	82,259,395	-	-	-	-	-	87,335,251
Balance as at March 31, 2017	109,312,458	291,513,183	493,295,206	4,479,549	15,078,935	22,352,606	1,704,719	937,736,656
<b>Accumulated depreciation</b>								
Balance as at April 1, 2015	-	100,212,462	206,214,275	1,752,209	10,776,625	13,272,248	4,607,510	336,835,329
Depreciation during the year	-	11,683,233	34,739,707	226,485	548,514	2,909,735	2,197,936	52,305,609
Deletions / write off	-	-	-	-	-	-	-	-
Balance as at March 31, 2016	-	111,895,695	240,953,982	1,978,694	11,325,139	16,181,983	6,805,446	389,140,938
Adjustments	-	(736,621)	(3,876,412)	1,948,498	1,992,027	672,508	-	-
Depreciation during the year	-	10,581,919	33,816,163	187,261	556,404	2,671,454	129,783	47,942,984
Deletions / write off	-	-	-	-	-	-	5,230,510	5,230,510
Reclassification to assets held for sale (Refer note 17)	-	37,048,055	-	-	-	-	-	37,048,055
Balance as at March 31, 2017	-	85,429,559	274,770,145	2,165,955	11,881,543	18,853,437	1,704,719	394,805,357
<b>Net block</b>								
As at March 31, 2016	111,888,314	249,890,042	246,779,097	2,493,925	3,580,653	6,170,623	681,864	621,484,519
As at March 31, 2017	109,312,458	206,083,624	218,525,061	2,313,594	3,197,392	3,499,169	-	542,931,299

**Capital work in progress**

Particulars	Amount
Balance as at April 1, 2015	1,677,542
Additions	-
Assets capitalised / reversed during the year	1,103,012
Balance as at March 31, 2016 *	574,530
Balance as at April 1, 2016	574,530
Additions	15,053,942
Assets capitalised / reversed during the year	11,986,842
Balance as at March 31, 2017 *	3,641,630

\* represents amount paid towards registration of land measuring 0.132 acres and DP-36 land at SIDCO Industrial Estate, Thirumazhisai Chennai.



**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**9 Intangible fixed assets**

Particulars	Computer software	Total
<b>Balance as at April 1, 2015</b>	<b>9,999,438</b>	<b>9,999,438</b>
Additions	223,600	223,600
Disposals	-	-
<b>Balance as at March 31, 2016</b>	<b>10,223,038</b>	<b>10,223,038</b>
Additions	-	-
Disposals	-	-
<b>Balance as at March 31, 2017</b>	<b>10,223,038</b>	<b>10,223,038</b>
<b>Accumulated amortization</b>		
<b>Balance as at April 1, 2015</b>	<b>8,636,493</b>	<b>8,636,493</b>
Additions	1,204,379	1,204,379
Disposals	-	-
<b>Balance as at March 31, 2016</b>	<b>9,840,872</b>	<b>9,840,872</b>
Additions	220,731	220,731
Disposals	-	-
<b>Balance as at March 31, 2017</b>	<b>10,061,603</b>	<b>10,061,603</b>
<b>Net block</b>		
<b>As at March 31, 2016</b>	<b>382,166</b>	<b>382,166</b>
<b>As at March 31, 2017</b>	<b>161,435</b>	<b>161,435</b>

**10 Deferred tax assets (net)**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Deferred tax assets</b>		
On Carried forward tax losses and other provisions*	69,114,231	76,962,861
	<b>69,114,231</b>	<b>76,962,861</b>
<b>Deferred tax liabilities</b>		
On excess of depreciation / amortisation on fixed assets under income-tax law over depreciation / amortisation provided in accounts	69,114,231	76,962,861
	<b>69,114,231</b>	<b>76,962,861</b>
<b>Deferred tax assets (net)</b>	<b>-</b>	<b>-</b>

\* Pursuant to AS - 22 "Accounting for taxes on income", where there is an unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Hence, deferred tax asset on carried forward tax losses and other provisions has been restricted to the extent of deferred tax liabilities.

**11 Long-term loans and advances***(unsecured, considered good)*

Particulars	As at March 31, 2017	As at March 31, 2016
<b>To parties other than related parties</b>		
Deposits	26,611,470	26,210,869
Balance with government authorities	16,450,938	6,448,587
Advance tax recoverable	32,784,546	32,077,285
<b>Total</b>	<b>75,846,954</b>	<b>64,736,741</b>

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**12 Other non-current assets**

Particulars	As at March 31, 2017	As at March 31, 2016
Bank deposits (due to mature after 12 months from the reporting date) (Refer note 15)	2,978,172	13,936,281
<b>Total</b>	<b>2,978,172</b>	<b>13,936,281</b>

Bank deposits placed under lien with banks	2,978,172	13,936,281
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**13 Inventories**

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

Particulars	As at March 31, 2017	As at March 31, 2016
Raw material and components	104,381,649	121,177,242
Work in progress	2,61,109,874	153,422,460
Finished goods	116,083,448	83,044,116
Stores, spares and consumables	6,747,150	7,324,876
<b>Total</b>	<b>488,322,121</b>	<b>364,968,694</b>
Less: Provision for inventories	(17,230,810)	(1,290,2786)
<b>Total</b>	<b>471,091,311</b>	<b>352,065,908</b>

In the year ended March 31, 2017, the write-down of inventories to net realisable value amounted to ₹ 696,002 (March 31, 2016 : ₹ 2,163,355).

**14 Trade receivables**

Particulars	As at March 31, 2017	As at March 31, 2016
Receivables outstanding for a period exceeding six months from the date they became due for payment		
a) Secured, considered good (Refer note 37)	40,186,203	50,186,203
b) Unsecured, considered good	129,809,778	198,921,442
c) Doubtful (Refer note below)	78,747,575	21,105,537
Less: Provision for doubtful receivables (Refer note below)	(78,747,575)	(21,105,537)
<b>(A)</b>	<b>169,995,981</b>	<b>249,107,645</b>
Other receivables		
a) Unsecured, considered good	427,429,520	396,963,087
b) Doubtful	9,310,669	7,079,914
Less: Provision for doubtful receivables	(9,310,669)	(7,079,914)
<b>(B)</b>	<b>427,429,520</b>	<b>396,963,087</b>
<b>Total</b>	<b>(A) + (B) 597,425,501</b>	<b>646,070,732</b>

**Note :** The above amount is net of bad debts aggregating to ₹ Nil (March 31, 2016: ₹ 72,659,013)

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**15 Cash and bank balances**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Cash and cash equivalents:		
Cash in hand	2,986	4,560
Bank balances		
- on current accounts	11,673,982	3,739,499
- on cash credit accounts	9,373,460	17,189,040
- on deposit accounts (with original maturity of 3 months or less) <sup>46)</sup>	-	141,044,573
Other bank balances	80,911,688	72,235,692
<b>Total</b>	<b>101,962,116</b>	<b>234,213,364</b>

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	-	141,044,573
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances' (refer note below)	80,911,688	72,235,692
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 12 and note below)	2,978,172	13,936,281
<b>Total</b>	<b>83,889,860</b>	<b>227,216,546</b>

Note: Bank deposits include amounts under lien with banks 83,889,860 76,647,705

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

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
<b>Other short-term loans and advances</b>		
To parties other than related parties		
Prepaid expenses	6,611,775	4,746,342
Cenvat credit receivable	67,432,021	72,808,332
VAT receivable	-	2,053,241
Service tax credit receivable	51,405,955	53,332,181
Staff advances	4,657,998	3,989,453
Advance to suppliers	27,187,315	37,986,854
Others	1,447,936	94,618
To related parties		
Receivable from the holding company	-	6,873,070
<b>Total</b>	<b>158,743,000</b>	<b>181,884,091</b>

## Notes to financial statements for the year ended March 31, 2017 (continued)

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

### 17 Other current assets

(unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016
Interest accrued on deposits	2,872,939	1,353,164
Unbilled revenue	1,453,051	10,216,415
Fixed assets reclassified as held for sale (Refer note below)	50,287,196	-
<b>Total</b>	<b>54,613,186</b>	<b>11,569,579</b>

Note: During the current year, the Board of Directors have approved the shifting of the business operations from one manufacturing location to another. Accordingly, certain assets have been reclassified as 'assets held for sale'. Further, such assets include freehold land amounting to ₹ 1,317,225 for which the Company is in the process of perfection of title.

### 18 Revenue from operations

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Sale of products</b>		
Manufactured goods	1,601,913,554	2,047,319,779
Sale of products (gross)	1,601,913,554	2,047,319,779
Less: Excise duty	153,133,153	205,570,052
<b>Sale of products (net)</b>	<b>14,48,780,401</b>	<b>1,841,749,727</b>
<b>Sale of services</b>	<b>29,939,819</b>	<b>44,060,959</b>
<b>Other operating revenues</b>		
Scrap sales (net of excise duty)	9,352,531	12,920,599
<b>Total</b>	<b>1,488,072,751</b>	<b>1,898,731,285</b>

#### Break-up of revenue from sale of products (net of excise duty)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Finished goods</b>		
Transformers	1,425,330,055	1,838,144,024
Others	23,450,346	3,605,703
<b>Total</b>	<b>1,448,780,401</b>	<b>1,841,749,727</b>

#### Break-up of revenue from services rendered

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Freight and insurance	16,702,554	37,691,023
Labour services	13,109,308	6,362,936
Others	127,957	7,000
<b>Total</b>	<b>29,939,819</b>	<b>4,40,60,959</b>

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**19 Other income**

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
Interest income on fixed deposits with banks	8,799,427	6,764,137
Income from power generation	2,277,620	1,628,279
Profit on sale of assets held for sale, net (Refer note below)	-	108,304,055
Profit on sale of fixed assets	416,727	-
Exchange gain on foreign exchange fluctuation	-	283,661
Liabilities / provisions no longer required written back	1,174,000	5,851,374
Miscellaneous income	3,821,522	4,743,830
<b>Total</b>	<b>16,489,296</b>	<b>127,575,336</b>

Note: Represents profit on sale of lands situated at Chennai and Palakkad (Kerala).

**20 Cost of materials consumed**

(including stores and spares)

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
Inventory of materials at the beginning of the year	128,502,118	142,486,414
Purchases	1,220,999,304	1,461,318,619
Inventory of materials at the end of the year	111,128,799	128,502,118
<b>Total</b>	<b>1,238,372,623</b>	<b>1,475,302,915</b>

**Break-up of cost of materials consumed**

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
CRGO lamination	304,929,920	386,319,098
Copper	356,886,406	458,932,212
Oil	77,995,374	108,620,398
MS items	128,359,764	146,915,555
Others	370,201,159	374,515,652
<b>Total</b>	<b>1,238,372,623</b>	<b>1,475,302,915</b>

**Breakup of inventory - materials**

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
CRGO lamination	13,844,008	12,273,855
Copper	37,507,824	43,916,486
Oil	10,944,091	4,273,510
MS items	3,844,254	6,229,696
Others	44,988,622	61,808,571
<b>Total</b>	<b>111,128,799</b>	<b>128,502,118</b>

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**21 Changes in inventories of finished goods and work-in-progress**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening inventory		
Finished goods		
Transformers	83,044,116	73,295,317
Work-in-progress		
Transformers under production	153,422,460	196,612,989
	<b>236,466,576</b>	<b>269,908,306</b>
Closing inventory		
Finished goods		
Transformers	116,083,448	83,044,116
Work-in-progress		
Transformers under production	261,109,874	153,422,460
	<b>377,193,322</b>	<b>236,466,576</b>
<b>Changes in inventories of finished goods and work-in-progress</b>	<b>(140,726,746)</b>	<b>33,441,730</b>

**22 Employee benefits**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	148,783,786	139,405,530
Contribution to provident and other funds	13,128,908	13,731,112
Staff welfare expenses	9,619,604	7,590,407
<b>Total</b>	<b>171,532,298</b>	<b>160,727,049</b>

**23 Finance costs**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense	10,332,960	-
<b>Total</b>	<b>10,332,960</b>	<b>-</b>

**24 Depreciation and amortisation**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible fixed assets (refer note 8)	47,942,984	52,305,609
Amortisation of intangible fixed assets (refer note 9)	220,731	1,204,379
<b>Total</b>	<b>48,163,715</b>	<b>53,509,988</b>

**25 Other expenses**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Rent	2,247,430	-
Excise duty related to increase in inventory of finished goods	4,655,551	2,277,234
Rates and taxes	19,511,273	9,036,699
Power and fuel	20,772,440	23,521,060

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

Repairs and maintenance:		
- Buildings	10,731,245	9,611,010
- Plant and machinery	9,667,920	8,634,357
- Others	2,028,015	7,892,603
Contract labour	18,602,122	25,066,798
Factory expenses	19,893,977	299,36,519
Insurance	4,923,363	3,727,855
Printing and stationery	1,793,313	1,181,409
Travelling and conveyance	17,047,317	14,973,090
Communication expenses	1,747,078	2,823,963
Professional and legal charges	18,914,138	20,562,401
Payment to auditors (refer note below)	3,498,357	3,404,142
Directors' sitting fees	380,000	620,000
Advertisement and sales promotion	1,251,389	1,328,281
Agency commission	42,711,482	259,403
Freight outward	29,668,723	37,050,163
Bank charges	19,393,449	24,488,041
Provision for doubtful debts, net	51,293,941	17,558,737
Bad debts written off	1,027,806	-
Provision for inventories	4,328,024	4,225,262
Foreign exchange loss, net	2,626,878	-
Warranty cost, net	(251,749)	4,794,436
General expenses	9,027,401	10,105,896
<b>Total</b>	<b>317,490,883</b>	<b>263,079,359</b>

**Note: Payment to auditors (excluding service tax)**

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
As Auditor		
Statutory audit	1,450,000	1,450,000
Tax audit	350,000	350,000
Limited review of quarterly results	700,000	450,000
Corporate Governance	150,000	150,000
Reimbursement of expenses	848,357	1,004,142
<b>Total</b>	<b>3,498,357</b>	<b>3,404,142</b>

**26 Contingent liabilities and commitments**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Contingent liabilities:		
Disputed sales tax / income tax / service tax (refer Note below)	31,314,928	18,155,799

**Notes:**

Sales tax - During the year 2011-2012, the Company had received sales tax assessment orders raising demand of ₹ 1,421,332 and ₹ 1,441,276 for FY 2005-06 and FY 2006-07 respectively. The Company had paid ₹ 2,500,000 (under protest) against these orders. Any liability in respect of these orders will be met by the ex-promoters to the benefit of the Company.

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**27 Details of imported and indigenous raw materials, components, stores and spares consumed during the financial year**

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Value	% of total consumption	Value	% of total consumption
Imported	13,093,992	1%	17,666,946	1%
Indigenous	1,227,656,489	99%	1,458,615,284	99%
<b>Total</b>	<b>1,240,750,481</b>	<b>100%</b>	<b>1,476,282,230</b>	<b>100%</b>
Raw materials, components and stores and spares	1,238,372,623		1,475,302,915	
Stores and spares (included in repairs and maintenance - plant and machinery)	2,377,858		979,315	
<b>Total</b>	<b>1,240,750,481</b>		<b>1,476,282,230</b>	

**28 Value of imports on CIF basis**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Raw material and stores and spares	10,845,192	17,666,946
<b>Total</b>	<b>10,845,192</b>	<b>17,666,946</b>

**29 Expenditure in foreign currency (on accrual basis)**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Bank charges	-	923,206
Travel	544,893	-
Repair and maintenance	394,583	-
<b>Total</b>	<b>939,476</b>	<b>923,206</b>

**30 Earnings in foreign currency (on accrual basis)**

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Exports on FOB basis	94,743,279	-
Re-imbursment of expenses		
Salary and other expenses for the year	1,717,928	28,123,000
<b>Total</b>	<b>96,461,207</b>	<b>28,123,000</b>

**31 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 - Segment Reporting (AS-17). Accordingly, amounts appearing in these financial statements relates to only manufacture and sale of transformers.

Further, the operations primarily cater to the needs of the domestic market. Accordingly, there are no separate reportable segments according to AS-17.

**32 Derivative instruments**

Unhedged foreign currency exposures

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Amount (in USD)	Amount (in ₹)	Amount (in USD)	Amount (in ₹)
Trade and other receivables	210,080	13,872,573	123,801	8,212,080
Trade and other payables	22,400	1,451,010	49,013	3,251,168



**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**33 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), and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
<b>Change in projected benefit obligation</b>		
Projected benefit obligations at the beginning of the year	21,335,961	16,845,436
Service cost	1,989,015	1,731,264
Interest cost	1,737,165	1,409,908
Benefits settled	(1,785,783)	(1,367,230)
Actuarial (gain) / loss	1,840,431	2,716,583
<b>Projected benefit obligations at the end of the year</b>	<b>25,116,789</b>	<b>21,335,961</b>
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the year	15,823,315	14,262,482
Expected return on plan assets	1,221,574	1,104,771
Employer contributions	7,328,515	1,745,363
Benefits settled	(1,785,783)	(1,367,230)
Actuarial gain / (loss)	67,867	77,929
<b>Fair value of plan assets at the end of the year</b>	<b>22,655,488</b>	<b>15,823,315</b>
<b>Reconciliation of present value of obligation on the fair value of plan assets</b>		
Present value of projected benefits at the end of the year	25,116,789	21,335,961
Funded status of the plan	22,655,488	15,823,315
<b>Funded status amount of liability / (asset) recognized in the balance sheet</b>	<b>2,461,301</b>	<b>5,512,646</b>

**Disclosed in the balance sheet as:**

<b>Long-term provision for gratuity (Refer note 5)</b>	<b>2,461,301</b>	<b>5,512,646</b>
<b>Short-term provision for gratuity (Refer note 5)</b>	<b>-</b>	<b>-</b>

**The components of net gratuity costs are reflected below:**

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
Service cost	1,989,015	1,731,264
Interest cost	1,737,165	1,409,908
Expected returns on plan assets	(1,221,574)	(1,104,771)
Recognized net actuarial (gain) / loss	1,772,564	2,638,654
<b>Net gratuity costs</b>	<b>4,277,170</b>	<b>4,675,055</b>

**Financial assumptions at balance sheet date:**

Discount rate	7.35%	7.80%
Long term rate of compensation increase	7.00%	7.00%
Estimated rate of return on plan assets	7.50%	8.00%

## Notes to financial statements for the year ended March 31, 2017 (continued)

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

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

Particulars	Year ended / Period ended				
	March 31, 2017	March 31, 2016	March 31, 2015	June 30, 2014	March 31, 2013
Defined benefit obligation	25,116,789	21,335,961	16,845,436	12,904,074	14,189,547
Plan assets	22,655,488	15,823,315	14,262,482	13,851,221	12,734,991
Surplus / (deficit)	(2,461,301)	(5,512,646)	(2,582,954)	947,147	(1,454,556)
Experience adjustments on plan liabilities	708,603	2,291,064	358,122	(366,604)	(1,237,619)
Experience adjustments on plan assets	67,867	77,929	(11,710)	513,864	230,622

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 22 to the financial statements.

- 34 The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at March 31, 2017	As at March 31, 2016
The amounts remaining unpaid to micro and small suppliers at the end of the year		
- Principal	-	-
- Interest	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of payment made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

### 35 Transfer pricing

The Company has transactions with related parties. For the financial year 2015-16, 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 2016 -17, 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.

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**36 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. Sridhar Gokhale (Manager) (Upto May 27, 2015)
	Mr. Ajay Kumar Sinha (CEO) (From May 27, 2015)

**b) Details of related party transactions for the year ended March 31, 2017 (March 31, 2016)  
(Refer note 37)**

Nature of transaction	Holding Company	Key Management Personnel
Re-imburement of expenses	1,725,563 (28,123,000)	- (-)
Managerial remuneration (Mr. Sridhar Gokhale)	- (-)	- (425,171)
Managerial remuneration (Mr. Ajay Kumar Sinha)	- (-)	6,090,000 (5,166,670)
<b>Balances at year end</b>		
Amount payable	-	-
	-	(-)
Amount receivable	- (6,873,070)	- (-)
(figures in brackets represent previous year's figures)		

**37** During the year ended March 31, 2015, the Company has entered into an agreement with Prolec GE, whereby Prolec GE has assured the Company that they would make good the loss to the benefit of the Company in case certain identified customers do not pay or default in the payment of outstanding dues. In the earlier years, the Company had recorded provision on a portion of the total balance receivable from these identified customers. Based on the agreement, the balance outstanding from these customers has been presented as 'secured debtors'.

**Notes to financial statements for the year ended March 31, 2017 (continued)**

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

**38 Disclosure of specified bank notes**

During the year, the Company has specified bank notes or other denomination note as defined in the MCA Notification G.S.R 308(E) dated March 31, 2017 on the details of specified bank notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016. The denomination wise SBN and other notes as per the notification are given below:

Particulars	SBNs	Other denomination Notes	Total
Closing cash in hand as on Nov 8, 2016	-	8,576	8,576
Add: Withdrawal from Bank accounts	-	10,000	10,000
Add: Receipts for permitted transactions	-	-	-
Less: Paid for permitted transactions	-	14,539	14,539
Less: Amount deposited in banks	-	-	-
<b>Closing cash in hand as on December 30, 2016</b>	-	<b>4,037</b>	<b>4,037</b>

For the purpose of this clause, the term specified bank note shall have the same meaning provided in the notification of the Government of India, the Ministry of Finance - Department of Economic Affairs No. S.O.3407 (E), dated November 8, 2016.

 for **B S R & Co. LLP**
*Chartered Accountants*

ICAI Firm Registration No. - 101248W/W-100022

**Amar Sunder**
*Partner*

Membership No.: 078305

Place: Chennai

Date: May 17, 2017

 for and on behalf of the Board of Directors of  
**Indo Tech Transformers Limited**
**Ricardo Suarez Garza**

Chairman

DIN No.: 07194157

**Abhishek Dalmia**

Chief Financial Officer

Place: Chennai

Date: May 17, 2017

**Indraneel Dutt**

Director

DIN No.: 01942447

**Sathyamoorthy A**

Company Secretary







**INDO TECH TRANSFORMERS LIMITED**

CIN: L29113TN1992PLC022011

Regd. Off : Survey No.153-210, Illuppapattu Village Near Rajakulam,  
Kancheepuram - 631561 Tamilnadu  
web: www.prolecge.in

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

**Name of the Member(s) :****Registered Address :****E-mail ID :****Folio No. / Client ID & DP ID :**

I/We being the Member(s) holding \_\_\_\_\_ shares of Indo Tech Transformers Limited hereby appoint:  
\_\_\_\_\_ of \_\_\_\_\_ having E-mail ID \_\_\_\_\_ or failing him/her  
\_\_\_\_\_ of \_\_\_\_\_ having E-mail ID \_\_\_\_\_ or failing him/her  
\_\_\_\_\_ of \_\_\_\_\_ having E-mail ID \_\_\_\_\_ or failing him/her

and whose signature(s) are appointed below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Wednesday, the 06th September 2017 at 2.30 P.M at GRT Regency, 487, Gandhi Road, Kanchipuram, Tamilnadu-631502, and at any adjournment thereof.

Resolution Nos.

- (1) To consider and adopt the Audited Financial statements and the Reports of the Directors and Auditors thereon.
- (2) To appoint Director in place of Mr. Ricardo Suarez Garza (DIN: 07194157), by rotation, being eligible offers himself for re-appointment.
- (3) To ratify the appointment of Statutory Auditors of the Company, and to fix their remuneration.
- (4) To approve the Related Party Transaction
- (5) To ratify the remuneration of the Cost Auditors

Affix Re. 1 Revenue Stamp
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Signed this.....day of..... 2017

Signature of Shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

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**

CIN: L29113TN1992PLC022011

Regd. Off : Survey No.153-210, Illuppapattu Village Near Rajakulam,

Kancheepuram - 631561 Tamilnadu

web: www.prolecge.in

**ATTENDANCE SLIP-CUM-ENTRY PASS**

Regd. Folio No. :

Client ID & DP ID\* :

No. of Shares held :

I certify that I am a Member / Proxy for the Member of the Company.

I hereby record my presence at the 25th Annual General Meeting of the Company at GRT Regency, 487, Gandhi Road, Kanchipuram, Tamilnadu-631502 at 2.30 P.M. on Wednesday, the 06th September 2017.

\_\_\_\_\_  
Signature of Member / Proxy

\_\_\_\_\_  
Member's /Proxy's name in BLOCK Letters

Note:

Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Members are requested to bring their copies of the Annual Report to the meeting.

\* For share(s) held in electronic form.

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**Distribution Transformer Plant Inside View**

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### **Disclaimer**

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

*If undelivered please return to:*

**INDO TECH TRANSFORMERS LIMITED**

Secretarial Department  
Survey no.153-210, Illuppapattu Village,  
Near Rajakulam, Kancheepuram (Dist.),  
Tamilnadu-631561