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FIFTEENTH

ANNUAL REPORT

1996-97

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ALFA TRANSFORMERS LIMITED



BOARD OF DIRECTORS

Dillip Kumar Das
Chairman & Managing Director

Deepak Kumar Das
Director (Finance)

S. K. Nanda
Director

Manmohan Das
Director

S. K. Patnaik
Director

R. N. Dey
Nominee of The Orissa State
Finance Corporation

SECRETARIAL CONSULTANTS

Horisson Associates
128A, Sahid Nagar
Bhubaneswar

BANKERS

State Bank of India
Cuttack Industrial Estate Branch
Cuttack - 753012
State Bank of India
Mancheswar Industrial Estate Branch
Bhubaneswar - 751017

AUDITORS

A. K. Sabat & Co.
A/348, Sahid Nagar
Bhubaneswar-751 007

REGISTERED OFFICE AND FACTORY

Plot No. 3337, Mancheswar Industrial Estate,
Bhubaneswar-751017

REGISTRAR & SHARE TRANSFER AGENTS

Computech International Ltd.
77/2A, Hazra Road, 5th Floor
Calcutta - 700 029



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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the company will be held at Plot No.3337, Mancheswar Industrial Estate, Bhubaneswar-17 on Monday, the 22nd day of September 1997 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet and profit and loss account for the year ended March 31st, 1997 and the reports of the auditors and directors thereon.
2. To appoint a director in the place of Sri Manmohan Das who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in the place of Sri Santosh Kumar Patnaik who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting till the conclusion of the Next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT in accordance with the provisions of section 198,309, schedule XIII and any other applicable provisions, if any of the Companies Act 1956, approval of the members be and is hereby accorded for the payment of increased remuneration to Mr. Dillip Kumar Das, Managing Director at the following terms, with effect from 1st October, 1996.

a. **Salary :**

Rs.30,000/- per month, which will be paid as a minimum remuneration in the absence or inadequacy of profits.

b. **Commission :**

2% of the net profits of the company computed in the manner referred to in Sec. 198 of the Companies Act., 1956.

c. **Housing :**

Mr. Das shall be provided with free furnished residential accommodation, the cost of which to the Company shall not exceed 60% of the salary, provided 10% of the salary shall be recovered from him.

In case he chooses to avail house rent allowance in lieu of free furnished accommodation, he shall be entitled to a house rent allowance of 50% of the salary.

d. **Medical Reimbursement :**

Mr. Das will be entitled to a reimbursement of the medical expenses for self and family, which shall be subject to a ceiling of 1 month's salary in a year or 3 months' salary in a block of 3 years.

e. **Leave Travel Concession :**

He shall be entitled to leave travel concession for self and family once in a year in accordance with the Rules framed by the Company.

f. **Club Fees :**

The Company shall pay the fees upto 2 clubs in which Mr. Das may be a member, subject to the condition that no admission fee on life membership fee shall be paid by the company.

g. **Personal Accident Insurance :**

The Company shall pay the Premium for personal accident insurance of Mr. Das subject to a ceiling of Rs.4000/- per annum.

The monetary value of perquisites in Para (c,d,e,f, & g) above will be restricted to the amount of salary.



OTHER BENEFITS

Provident Fund :

Company's contribution to the provident fund subject to a maximum of 10% of the salary.

Gratuity :

Mr. Das shall be entitled to a gratuity of half month's salary for each completed year of service, subject to the ceilings as may be prescribed by the Income Tax Act from time to time.

Car :

Mr. Das will be entitled to the use of the Company's car for the business of the company and the use of the car for private purpose shall be billed by the company to Mr. Das.

Telephone at Residence :

Mr. Das shall be provided with the telephone at his residence. Charges on personal long distance calls on telephone shall be recovered from Mr. Das.

6. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION

RESOLVED that in accordance with the provision of Section 198, 309, Schedule XIII and any other applicable provisions, if any of the Companies Act, 1956, approval of the member be and is hereby accorded for the payment of increased remuneration to Mr. Deepak Kumar Das, Whole-time Director, at the following terms, which effect from 1st October 1996.

- a. **Salary :** Rs.15000/- per month, which will be paid as a minimum remuneration in the absence or inadequacy of profits.
- b. **Commission :** 1% of the net profits of the Company computed in the manner referred to in Section 198 of the Companies Act, 1956.
- c. **Housing :** Mr. Das shall be provided with free furnished residential accommodation, the cost of which to company shall not exceed 60% of the salary, provided 10% of the salary shall be recovered from him.
In case he chooses to avail House Rent Allowance in lieu of free furnished accommodation, he shall be entitled to a house rent allowance of 50% of the salary.
- d. **Medical Reimbursement :** Mr. Das will be entitled to a reimbursement of the medical expenses for self and family, which shall be subject to a ceiling of one month's salary in a year or 3 months salary in a block of 3 years.
- e. **Leave Travel Concession :** He shall be entitled to leave travel concession for self and family once in a year in accordance with the Rules framed by the Company.
- f. **Club Fees :** The Company shall pay the fees upto 2 clubs in which Mr. Das may be a member, subject to the condition that no admission fee or life membership fee shall be paid by the company.
- g. **Personal Accident Insurance :** The Company shall pay the premium for personal accident insurance for Mr. Das subject to a ceiling of Rs. 4000/- per annum.

The monetary value of perquisites in para (c,d,e,f & g) above will be restricted to the amount of the salary.

OTHER BENEFITS

Provident Fund :

Company's contribution to the provident fund subject to a maximum of 10% of the salary.

Gratuity :

Mr. Das shall be entitled to a gratuity of half month's salary for each completed year of service, subject to the ceilings as may be prescribed by the Income Tax Act from time to time.

**Car :**

Mr. Das will be entitled to the use of the Company's car for the business of the company and the use of the car for private purpose shall be billed by the company to Mr. Das.

Telephone at Residence :

Mr. Das shall be provided with the telephone at his residence. Charges on personal long distance calls on telephone shall be recovered from Mr. Das.

7. To consider and if thought fit, pass with or without modification the following resolution as an special resolution.

"RESOLVED that in accordance with the provisions of Section 269, 309, schedule XIII and other applicable provision, if any of the Companies Act 1956, the re-appointment of Mr. Dillip Ku. Das as Managing Director for a period of five years with effect from 7th August, 1997 on the existing terms and conditions, be and is hereby approved."

Place : Bhubaneswar

By Order of the Directors.

Date : 16th August 1997

DIRECTOR

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. The proxy need not be a member of the company.
2. The instrument appointing a proxy should be lodged with the Company, atleast 48 hours before the time fixed for the commencement of the Meeting.
3. The Register of members and Share Transfer Books will remain closed from 16th September, 1997 to 22nd September, 1997 (both days inclusive) in terms of provisions of Section 154 of the Companies Act, 1956.
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the company to keep the information ready.
5. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
6. Members are requested to notify any change in their address immediately to Computech International Ltd., 77/ 2A, Hazra Road, 4th Floor, Calcutta - 700 029, the Registrar and share transfer agent of the Company.

EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1958)

ITEM NO. 5

Shri Dillip Kumar Das was appointed as Managing Director of the Company for a period of 5 years w.e.f. 07.08.1992. With his rich experience in engineering and Management he has persistently worked for the company ensuring its steady growth. As a measure of acknowledging his laudable efforts, your Board of Directors had in their meeting held on 30th September 1996, increased his salary w.e.f. 1st October 1996.

The increase in remuneration is in accordance with the condition specified in schedule XIII of the Company's Act 1956.

According to Section 310 of the Companies Act, 1956, read with schedule XIII of the said Act, increase in remuneration validly made by resolution of the Board of Directors needs to be ratified in the next General Meeting of the Company.

Your Directors recommend that the resolution be passed.

None of the Directors, except Mr. Dillip Ku. Das is interested in the proposed resolution.

**ITEM NO. 6**

Shri Deepak Kumar Das, Director Finance, was appointed by the Board of Directors of the Company for a period of 5 years w.e.f. 01.01.94. In view of his rich experience in finance and managerial line and further in view of the recent liberalisation in managerial remuneration, the Board has decided to increase his remuneration. The increase is in accordance with the condition specified in Schedule XIII of the Companies Act, 1956.

According to Section 310 of the Companies Act, 1956, read with schedule XIII of the said Act, increase in remuneration validly made by resolution of the Board of Directors needs to be ratified in the next General Meeting of the Company.

Your Directors recommend that the resolution be passed.

None of the Directors, except Mr. Deepak Kumar Das is interested in the proposed resolution.

ITEM NO. 7

Members may recall that Mr. Dillip Ku. Das has been appointed as Managing Director of the Company for a period of 5 years from 7th August 1992. Accordingly, the tenure of office of Mr. Dillip Ku. Das ended on 6th August 1997.

At its meeting held on 6th June 1997, the Board of Directors reappointed Mr. Dillip Ku Das as Managing Director for a further period of 5 years from 7th August 1997. The remuneration and terms of appointment of Mr. Dillip Ku Das remain the same as was existing during the earlier tenure.

Mr. Dillip Ku Das has also been appointed as Managing Director of Galaxy Medical Ltd. with effect from 01.10.1996 after following the procedure prescribed by Section 316 of the Company Act, 1956. The aggregate remuneration of Mr. Dillip Ku Das from both the Companies is within the ceiling prescribed under Schedule XIII to the Companies Act, 1956.

According to Section 269 of the Companies Act, 1956, read with Schedule XIII of the said Act, the re-appointment of Managing Director is subject to the approval of the shareholders at the General Meeting. This resolution is proposed for this purpose.

Your Directors recommend that the resolution be passed.

None of the Directors except Mr. Dillip Ku Das is interested in the proposed resolution.

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REPORT OF THE DIRECTORS TO SHAREHOLDERS :

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the audited accounts for the year ended 31st March 1997.

FINANCIAL RESULTS :

	1996-97 (Rs. in Lacs)	1995-96 (Rs. in Lacs)
Sales and other income	625.97	712.72
Less : Expenditure	627.22	635.33
Profit before Interest & Depreciation	(1.25)	77.39
Interest	69.19	35.96
Depreciation	9.79	6.03
Prior period Adjustment	8.50	1.29
Profit before taxes	(88.73)	36.69
Provision for taxation	-	8.41
Profit after tax	(88.73)	28.28

VARIATIONS FROM PROJECTIONS:

Your Company has given following profitability projections in the prospectus dated 8th November, 1994.

	1996-97 (Rupees in lacs) Projections	Actuals
Sales	1866.90	625.97
Gross Profit	351.35	(1.25)
Profit after tax	148.64	(88.73)
Dividend	15%	—

The targets could not be achieved because:

- i) General recession in the market for transformers due to poor financial position of State Electricity Boards has affected the Sales. Due to intense competition, Sales realisation has also declined. Your Directors are making efforts to compensate the poor per-formance in domestic sales by laying greater emphasis on export. The result of such efforts are likely to be reflected in future.

DIVIDEND:

In view of the losses, your Board regrets its inability to recommend any dividend.



FUTURE PROSPECTS:

- i) In order to improve export sales and better marketability, of products, your company has initiated implementation of ISO 9001 standard and it is expected that ISO 9001 certification will be granted by October' 1997.
- ii) The Company expects to do better during the financial year 1997-98. Your company has procured an Export order from Bangladesh for supply of 600 nos. transformers worth 1090000 USD, (Rs.392.00 lacs) out of which delivery of 400 nos expected to be over by August'97 already over. Delivery of balance is expected to over by October'1997. Earlier the Company was exporting through Larsen & Toubro Ltd., where as this order has been procured directly. Total export during April'1997 to August'97 is Rs.245.90 lacs which is 31.40% higher than last year.

DIRECTORS;

Sri Manmohan Das and Sri Santosh Kumar Pattnaik, Directors retires by rotation at the ensuing annual General meeting and being eligible, offer themselves for reappointment.

AUDITORS:

M/S A.K. Sabat & Co., Chartered Accountants, Bhubaneswar retire at the ensuing Annual General Meeting and have given their consent for reappointment. The company has also received a certificate from them to the effect that appointment if made, would be within the prescribed limits under section 224 (I-B) of the Companies Act, 1956.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION, FOREIGN EXCHANGE EARNING AND OUTGO:

Details regarding Technology absorption, Energy Conservation, Foreign exchange earnings and outgo are given separately in Annexure - A to the report.

PERSONNEL:

None of the employees were in receipt of remuneration as stated under Section 217 (2A) of the Companies Act, 1956..

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation of the cooperation received from State Bank of India, Cuttack Industrial Estate Branch, Cuttack , Mancheswar Industrial Estate Branch, Bhubaneswar and Orissa State Financial Corporation, Cuttack.

Your Directors also wish to place on record their appreciation of cooperation from the employees at all levels.

For and on behalf of the Board of directors.

BHUBANESWAR
DATE: 12TH AUGUST 1997.

Sd/- DILLIP KUMAR DAS
(CHAIRMAN)



ANNEXURE "A" TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the period ended 31st March'1997.

A. Conservation of Energy:

- | | | |
|----|---|---|
| a) | Energy Conservation measures taken | : Already Capacitor Bank of 550 KVRH is installed. |
| b) | Additional investments and proposals if any being implemented for reduction of consumption of energy. | : Investment proposed last year was 1.5 lacs which has not been made due to shortage of funds. This will likely to be implemented by March' 1998. |
| c) | Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | : Because of (a) approximate saving is 60 thousand per annum after (b) further 60 thousand expected to be saved. |

B. TECHNOLOGY ABSORPTION:

FORM - B
(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION, RESEARCH AND DEVELOPMENT (R & D):

- | | | |
|----|--|--|
| 1. | Specific areas in which R & D Carried out by the Company | : Wound Core Transformers manufacturing technology is being developed designs have been over. Prototype is under production. |
| 2. | Benefits derived as a result of the above R & D | : Wound core transformers provide lower iron loss which will in energy saving and help higher contribution. |
| 3. | Future plan of action | : Establish wound core manufacturing technology. |
| 4. | Expenditure on R & D | : Rs.0.78 Lacs. |