

SIXTEENTH ANNUAL REPORT

1997-98

| | | | | | |
|-----|----|---|---|-----|----|
| MD | ✓ | | | BKC | ✓ |
| CS | NA | | | DPY | NA |
| RO | ✓ | | | DIV | NA |
| TRA | ✓ | | | AC | ✓ |
| AGM | ✓ | ✓ | | SHI | ✓ |
| YE | ✓ | ✓ | ✓ | | ✓ |



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
Financial Corporation

SECRETARIAL CONSULTANTS

Harison 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, Sahidnagar,
Bhubaneswar-751007

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 - 700029.



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NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the company will be held at Plot No.3337, Mancheswar Industrial Estate, Bhubaneswar-17 on Saturday, the 26th day of September 1998 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as on 31st March, 1998, the profit and loss account for the year ended on that date, and the reports of the auditors and directors thereon.
2. To appoint a director in the place of Sri S.K. Nanda who retires by rotation and being eligible offers himself for reappointment.
3. 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

4. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution.

"RESOLVED THAT approval of the members be and is hereby accorded for delisting of the Company's securities from the Calcutta Stock Exchange, subject to the fulfilment of SEBI requirements for such delisting."

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

"RESOLVED THAT pursuant to the provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if necessary, the consent of the shareholders be and is hereby granted to the proposed investment of an aggregate sum not exceeding Dh.500,000 (Dirhams five lakhs only) in 500 Equity Shares of Dh.1000/- each in Federal Transformers Company, LLC, Abu Dhabi, United Arab Emirates."

By Order of the Board,

Sd/-

Deepak Kumar Das
Director

Place : Bhubaneswar
Date : 17th August, 1998

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 15th September, 1998 to 26th September, 1998 (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 - 700029, the Registrar and share transfer agent of the Company.

EXPLANATORY STATEMENT

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

ITEM NO.4

Shareholders may be aware that the Company is presently listed at different stock exchanges such as the Bhubaneswar Stock Exchange, the Mumbai Stock Exchange and the Calcutta Stock Exchange. The quantum of trading in the Company's securities at the different stock exchanges has been insignificant of late. There has been virtually no trading in the Company's securities at the Calcutta Stock Exchange and the Bhubaneswar Stock Exchange during the past 3 years. In order to reduce the procedural formalities in connection with the Stock Exchanges, your Directors propose to delist the company from the Calcutta Stock Exchange. Pursuant to SEBI's press release No.65/98 dated 27.3.98, the company is required to obtain specific prior approval from the shareholders by a Special Resolution for the proposed delisting of its securities and to make arrangements to give "Buy Offer" to all the shareholders in that particular region. The promoters have agreed to comply with this requirement.

The proposed resolution is set forth for the purpose.

Your Directors recommend that the resolution be passed.

All the Directors may be deemed to be interested in the resolution to the extent of their respective shareholding, and their Buy Back obligations in accordance with the SEBI Guidelines.

ITEM NO.5

In their efforts to expand the Company's overseas operations, your Directors have successfully negotiated with AL NASSER HOLDINGS, U.A.E. for setting up a joint venture project at Abu Dhabi. Pursuant to the negotiations, your Company has entered into a Memorandum of Incorporation with AL NASSER HOLDINGS, U.A.E.

According to the arrangement entered into, a joint venture company in the name of "FEDERAL TRANSFORMERS COMPANY" has been registered in Abu Dhabi, U.A.E. The equity holding of your Company and AL NASSER HOLDINGS in the joint venture project has been agreed to be in the proportion of 500 equity shares and 1000 equity shares of Dh.1000/- each respectively. As per the current exchange rates, the Rupee value of such investment would be approximately Rs.55.00 Lakhs.

Your Board consider the joint venture arrangement to be profitable and that the company's investment in shares of FEDERAL TRANSFORMERS COMPANY would be a good investment over a period and beneficial to the Company.

Pursuant to Section 372 (4) of the Companies Act, 1956, the said investment is required to be sanctioned by resolution of the Company in general meeting, and prior approval of the Central Government has to be obtained as the total investment by the Company in equity shares of FEDERAL TRANSFORMERS COMPANY exceeds 30% of the subscribed capital of the investee company.

The Memorandum of Incorporation and related documents entered into by the Company with AL NASSER HOLDINGS is available for inspection by members of the company at the registered office of the company during the office hours on any working day of the Company till 26th September 1998.

Your Directors recommended that the resolution be passed.

None of the Directors are interested in the proposed resolution.



REPORT OF THE DIRECTORS TO SHARE HOLDERS:

Your Directors have pleasure in presenting their Sixteenth Annual Report together with the audited accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS :

| | <u>1997-98</u> | (Rupees in Lakhs) <u>1996-97</u> |
|--|----------------|-------------------------------------|
| Gross Turnover | 991.80 | 651.20 |
| Profit(Loss) before Interest and Depreciation. | 107.21 | (1.25) |
| Interest | 72.65 | 69.19 |
| Depreciation | 11.86 | 9.79 |
| Profit before tax | 18.26 | (88.73) |
| Provision for taxation | 0.20 | --- |
| Profit after tax | 18.06 | (88.73) |

Members may recall that in their last Annual Report, your Directors have expressed their intention to lay greater focus on exports, in view of the recession in the domestic market and the poor financial condition of the State Electricity Boards. Your Directors are pleased to report that the greater emphasis on exports has started showing results. During the year under review, exports accounted for 42.71% of the Gross turnover. In absolute terms, exports recorded a more than four fold increase over the previous year, and contributed significantly to the improved performance.

ISO 9001

Your Directors are pleased to report that your company has obtained ISO 9001 certification during the year under review. This is expected to help in further boosting the export performance during the current year.

NEW AND ADVANCED PRODUCTS

Your Directors are pleased to report that your Company with technical assistance from Allied Signal, a Fortune 500 Company has started manufacturing amorphous transformers and successfully marketed over 400 transformers in India and abroad. Your Directors consider this a major achievement since your Company is the only manufacturer in Eastern India who have succeeded in obtaining this highly valued technology.

Given the above developments, your Directors are hopeful of wiping out the accumulated losses and entering the Dividend List soon.

JOINT VENTURE IN UAE

Your company has a strong presence in Bangladesh & Nepal, and is poised to enter the Middle East Market in a big way. In order to supplement the company's technological skills with the strengths of a local party, your company has entered into an agreement with Al Nasser Holdings, Abu Dhabi to form a Joint Venture Company by the name Federal Transformers Company (FTC), a limited liability company. The Resolution seeking your consent for investment in FTC is being proposed at the ensuing Annual General Meeting.

AUDITORS' OBSERVATION :

Accounting for Export Benefits

With regard to para 2.1 of the Auditors's Report, your Directors have been advised that accounting for the benefits on cash basis as has been done in previous year would not only understate the profits for the current year but would also inflate the profits during subsequent year(s) when the benefits are received, which should be avoided.



In order to ensure that the accounts should reflect the results of the current year's operations as accurately as possible, your Directors have decided to account for the export benefits on a conservative estimate in the differential amount if any, will be accounted for in the year of realisation.

DELISTING FROM CALCUTTA STOCK EXCHANGE

In view of the virtual absence of trading in your Company's shares in Calcutta Stock Exchange, your Directors propose to seek delisting of the Shares from the exchange, subject to the compliance of the buy back obligations etc. by promoters as per the SEBI Guidelines. Appropriate resolutions in this regard are being proposed at the ensuing Annual General Meeting.

DIRECTORS

Shri S.K. Nanda, Director, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself 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 re-appointment. The Company has received a certificate from them to the effect that appointment if made, would be within the prescribed limits under Section 224 (1-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

The Statement of particulars of employees as required under Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975, is attached to the report as Annexure-B.

ACKNOWLEDGEMENTS

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

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

FOR AND ON BEHALF OF THE BOARD

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 1998.

A. CONSERVATION OF ENERGY:

- | | |
|--|--|
| a) Energy conservation measures taken. | Stabilised output transformer is being installed at the factory site. |
| b) Additional investments and proposals if any being implemented for reduction of consumption of energy. | Investment of 7.5 Lakhs earmarked for the above purpose which is expected to be implemented by November, 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. | Approximate saving in power bill to the extent of 2% to 3% expected. |

B. TECHNOLOGY ABSORPTION

FORM - B
(See Rule 2)

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

- | | |
|--|---|
| 1. Specific areas in which R&D carried out by the Company. | Single Phase Amorphous Alloy Distribution Transformer developed with technical assistance from Allied Signals, U.S.A. |
| 2. Benefits derived as a result of the above R&D. | New Production line is established. |
| 3. Future plan of action. | To develop 3 Phase Amorphous Alloy Distribution Transformer. |
| 4. Expenditure on R & D. | Rs. 3 Lacs approximately for proto-type development and testing. |



TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

- | | |
|---|----------------------------------|
| 1. Efforts, in brief, made towards technology absorption and innovation. | As stated above. |
| 2. Benefits derived as a result of the above efforts, example product improvement, cost reduction, product development, import substitution etc. | New product line is established. |
| 3. In case of imported technology (imported) during the last five years reckoned from the beginning of the financial year), following information may be furnished. | Not applicable. |
- a) Technology imported.
 b) Year of Import.
 c) Has technology been fully absorbed.
 d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action.

FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|---|---|
| e) Activities relating to exports, development of new export markets for products and services and export plan. | During the year 1997-98, the Company has made export amounting to Rs.423.31 Lacs and has expended Rs.7.71 Lacs towards development of new export markets. |
| f) Total Foreign Exchange used and earned. | Expenditure : Rs. 7.71 Lacs Earnings : Rs.373.80 Lacs |

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DILLIP KUMAR DAS
(CHAIRMAN)Bhubaneswar
Date: 17th August, 1998

ANNEXURE "B" TO THE DIRECTORS' REPORT

Information under Section 217 (2A) of the Companies Act 1956 as amended by the Companies (Amendment) Act, 1988 and particulars of Employees Rules 1975 (as amended and forming part of the Directors' Report for the year ended March 31, 1998.

| Name | Age | Date of Commencement of employment | Designation/ Nature of Duties. | Gross Remuneration | Qualification | Last Employment held | | Experience (in years) |
|------------------------|-----|------------------------------------|--------------------------------|--------------------|---------------|----------------------|-------------|-----------------------|
| | | | | | | Name of the Employer | Designation | |
| EMPLOYED FOR FULL YEAR | | | | | | | | |
| Dillip Kumar Das | 50 | 01.04.1989 | Managing Director | 3,73,086 | B.Sc.(Engg.) | Self employed. | — | 26 |

EMPLOYED FOR PART OF THE YEAR NIL

NOTES:-

- 1) Gross Remuneration shown above includes salary, allowances, Company's contribution to Provident Fund and any other perquisites as applicable.
- 2) Nature and terms of appointment in the above case is contractual.
- 3) Mr. Dillip Kumar Das, Managing Director is related to Mr. Deepak Kumar Das, Director.

FOR AND ON BEHALF OF THE BOARD

DILLIP KUMAR DAS
(CHAIRMAN)

Bhubaneswar
Date: 17th August, 1998