

# **SEVENTEENTH ANNUAL REPORT**

**1998-99**

Report  junction.com



**ALFA TRANSFORMERS LIMITED**

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## **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,

Commercial Branch

IDCOL House (Ground Floor)

Unit-II, Ashok Nagar

Bhubaneswar - 751 001

Dist. : Khurda (ORISSA)

State Bank of India

Mancheswar Industrial Estate Branch

Bhubaneswar - 751017

## **AUDITORS**

A. K. Sabat & Co.

A/348, Sahid Nagar,

Bhubaneswar - 751007

## **REGISTERED OFFICE AND FACTORY**

Plot No. 3337, mancheswar Industrial Estate

Bhubaneswar - 751017

## **REGISTRAR & SHARE TRANSFER AGENT**

Computech International Ltd.

77/2A, Hazra Road, 5th Floor

Calcutta - 700029



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## NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Company will be held at Plot No. 3337, Mancheswar Industrial Estate, Bhubaneswar-17 on Wednesday, the 22nd day of September 1999 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 1999, 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 Deepak Kumar Das 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 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 reappointment of Mr. Deepak Kumar Das as Whole-time Director for a period of five years with effect from 1st January 1999, at the following terms and conditions :

- 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 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 12% 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.

By Order of the Board,

Sd/-

Deepak Kumar Das

Director

Place : Bhubaneswar

Date : 27.7.1999

**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, 1999 to 22nd September, 1999 (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. 4**

Members may recall that Mr. Deepak Kumar Das has been appointed as a Whole-Time Director of the Company for a period of five years from first January 1994. Accordingly, the tenure of office of Mr. Deepak Kumar Das ended on 31st December 1998.

At its meeting held on 25th November 1998, the Board of Directors reappointed Mr. Deepak Kumar Das as whole time director for a further period of five years from 1st January 1999. The remuneration and terms of appointment of Mr. Deepak Kumar Das remain the same as was existing during the earlier tenure.

According to Section 269 of the Companies Act, 1956, read with schedule XIII of the said Act, the reappointment of Whole Time Director is subject to the approval of the shareholders at the General Meeting. This resolution is proposed for this purpose.

Mr. Deepak Kumar Das has voluntarily cut his entitlement for House Rent in view of the weak financial position of the company, limiting it to the extent of actual rent paid by him. He will draw his full entitlement only after the financial position improves.

Your Directors recommend that the resolution be passed.

None of the Directors except Mr. Deepak Kumar Das and his brother Mr. Dillip Kumar Das is interested in the proposed resolution.



## REPORT OF THE DIRECTORS TO SHARE HOLDERS :

Your Directors have pleasure in presenting their Seventeenth Annual Report together with the audited accounts for the year ended 31st March, 1999.

### FINANCIAL RESULTS

	(Rs. in lakhs)	
	<u>1998-99</u>	<u>1997-98</u>
Gross Turnover	830.95	991.80
Profit (Loss) before interest and depreciation	58.39	107.21
Interest	64.93	72.65
Depreciation	13.73	11.86
Profit before taxes	(20.27)	18.26
Provision for taxation	NIL	0.20
Profit after tax	(20.27)	18.06

### OPERATIONS

The continued existence of recessionary trend in Transformer industry and instability amongst State Electricity Boards in the wake of privatisation efforts in the power sector have had an adverse effect on your company's performance during the year under review.

### AUDITORS' OBSERVATION

#### Accounting For Pending Dues

With regard to para 1(ix) and 2 of the Auditors' Report, your Directors are of the view that the said dues have a high chance of being recovered. Your Directors have already initiated steps for recovery of the same, including filing of suit wherever felt necessary. The resultant effect shall be accounted when the same is settled.

### DIRECTORS

Mr. Deepak Kumar Das, Wholetime Director of the Company has been re-appointed by the Board for a period of 5 years with effect from 01.01.1999. The resolution seeking your approval to the appointment of Mr. Deepak Kumar Das as Wholetime Director is being placed at the ensuing Annual General Meeting.



Mr. Deepak Kumar Das, Director, Retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

#### 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

The additional particulars as required by the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 are contained in annexure to this report.

#### PARTICULARS OF EMPLOYEES

None of the employees of the Company has been in receipt of remuneration exceeding the amounts envisaged by Section 217(2A) of the Companies Act, 1956.

#### Y2K COMPLIANCE

Your Directors wish to state that the production processes are not affected by the Y2K Problem. The Company has taken steps to ensure that the accounting and financing matters in which the computers are used are Y2K compliant.

#### ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the valuable assistance and support received from State Bank of India, OSFC during the year under review.

Your Directors also wish to acknowledge the dedicated and sincere efforts put in by all the employees of the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Bhubaneswar  
Dated : 27.07.1999

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 1999.

- |  |   |                   |
|--|---|-------------------|
| A. CONSERVATION OF ENERGY              | : | Nothing to Report |
| B. TECHNOLOGY ABSORPTION               | : | Nothing to Report |
| C. FOREIGN EXCHANGE EARNINGS AND OUTGO | : | Nothing to report |

Activities relating to exports,  
development of new export markets for  
products and services and export plan.

Total Foreign Exchange used and earned.	:	Expenditure : Rs. 8.72 lakhs
	:	Earnings - NIL

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DILLIP KUMAR DAS  
(CHAIRMAN)

Subaneswar  
Date : 27.07.1999





## AUDITORS' REPORT

To

The Members,  
Alfa Transformers Limited.

We have examined the attached Balance Sheet of ALFA TRANSFORMERS LIMITED as at 31st March, 1999 and the annexed Profit and Loss Account for the year ended on that date and report that :

1. As required by manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section-227 (4A) of the Companies Act, 1956 and on the basis of such checks as considered appropriate, we enclose in the Annexure a statement on the matters specified in the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that no provision has been created towards Liquidated damages deducted by the parties amounting to Rs. 25.86 lakhs as referred in Note No. 4(ii) of Schedule-15.
3. Subject to our comments in Paragraph 2 above :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of books;
  - c) The Balance sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account;
  - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub section 3(c) of Section 211 of the Companies Act, 1956, except Accounting Standard 15 for non-creation of provision for leave salary on actuarial valuation.
  - e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts subject to Para 2 above and 1(ix) for non-provisioning of inter corporate deposit including interest thereon read together with the notes on accounts including Accounting policies give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
    - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and
    - (ii) in the case of the Profit and Loss Account of the LOSS of the Company for the year ended on that date.

For A. K. Sabat & Co.,  
Chartered Accountants.

Bhubaneswar  
Date : 27th July, 1999.

(A. K. SABAT)  
PARTNER



## ANNEXURE TO THE AUDITORS REPORT

### REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets which have been physically verified by the Management at reasonable intervals and no discrepancies were noticed on such verification.
- (ii) The Fixed Assets have been revalued during the year by an external valuer and the accounting effect has been given refer Note No. 1(B)(ii), 1(C)(ii), 1(C) (vi) and 5 of Schedule 15.
- (iii) The stock of finished goods, stores, spare parts, raw materials and components have been physically verified by the Management at reasonable intervals.
- (iv) The procedures followed by the Management for physical verification of stocks are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) The discrepancies noticed on physical verification of stocks as compared to the books records were not material and have been properly dealt with the books of accounts.
- (vi) In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and the basis of valuation is same as in the preceding year.
- (vii) The Company has not taken any loans from Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act or from Companies under the same management as defined in Section 370(1B) of the Companies Act, 1956 except a loan from a Company under the same management and in which Directors are interested where the terms are not prima facie prejudicial to the interest of the Company.
- (viii) The Company has not granted any loans to Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
- (ix) The parties including employees to whom loans and advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest where applicable except in case of one inter-corporate deposit where principal of Rs. 7,22,833/- and interest of Rs. 6,11,027 /- remain unpaid and no provision made there against as referred in Note No. 4(iii) of Schedule 15.
- (x) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sale of goods.
- (xi) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of Companies Act, 1956 and aggregating during the year Rs. 50,000/- or more in respect of each party, have been made at prices which are