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Alfa Transformers Ltd.

**NOTICE**

NOTICE is hereby given that the 20th Annual General Meeting of the Company will be held at Plot No. 3337, Mancheswar Industrial Estate, Bhubaneswar -10 on Friday, the 27th day of September 2002 at 11.00 A.M. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the Audited Balance sheet as on 31st March 2002, 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 Mr. 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 Meeting and fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Dr. N.C. Pal, who was appointed as an Additional Director of the Company by the Board of Directors and who holds the office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") is eligible for appointment and Company has received notices in writing pursuant to the provisions of section 257 of the Act from some members of the company proposing his candidature for the office of Director of the Company, and who has consented, if appointed, to act as a Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Sambit Mohanty, who was appointed as an Additional Director of the Company by the Board of Directors and who holds the office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") is eligible for appointment and Company has received notices in writing pursuant to the provisions of section 257 of the Act from some members of the company proposing his candidature for the office of Director of the Company, and who has consented, if appointed, to act as a Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."

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

"RESOLVED that pursuant to the provision of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to other approvals as may be necessary, the Company hereby approves the re-appointment of Mr. Dillip Kumar Das as Managing Director for a period of five years with effect from 7th August, 2002 at the following terms and conditions.

a. **SALARY :**

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

b. **COMMISSION :**

2% OF THE NET PROFITS OF THE COMPANY COMPUTED IN THE MANNER REFERED TO IN Sec. 198 of the Companies Act, 1956.

c. **HOUSEING :**

Mr. Das shall be provided with free furnished residential accommodation, the cost of which to the company

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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 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. 4,000.00 per annum.

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

OTHER BENEFITS :

Provident Fund & Pension Fund :

Company's contribution to the provident fund and pension fund subject to a maximum of 25% 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 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."

"FURTHER RESOLVED that the Board hereby notes that Mr. Dillip Kumar Das would also continue as Managing Director of Galaxy Medicare Ltd. And this resolution is passed unanimously in terms of Section 316 of the Companies Act, 1956, with due written notice having been given to the Directors."

By Order of the Board

Sd/-

Susmita Dash
Company Secretary

Place : Bhubaneswar
Date : 30th July 2002

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of the business under item Nos. 4, 5 and 6 as set out above is annexed hereto.
3. The Register of Members and Share transfer Books of the Company will remain closed from 19.9.2002 to 26.9.2002 (both days inclusive) in terms of provisions of Section 154 of the Companies Act, 1956.
4. A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company atleast seven days prior to the meeting so that the required information can be made available at the Meeting.
5. Members/Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting.
6. Trading in the equity shares of the Company is compulsorily in dematerialized form for all investors. The ISIN (International Securities Identification Number) allotted to the Company's equity share is INE 209CO1015.
7. The members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
8. Members are requested to send all communications relating to shares to the Company's Share Transfer Agent (physical and electronic) to Computech International Limited, 77/2A, Harza Road, 4th Floor, Calcutta - 700029.
9. The names and address of the stock exchanges where at the Company's equity are listed, are given below :

Bhubaneswar Stock Exchange Limited,
A-22, Falcon House,
Netaji Subhas Marg,
Bhubaneswar - 751 006

The Calcutta Stock Exchange Association Ltd.
7, Lyons Range,
Calcutta - 700 001

The Stock Exchange Mumbai,
Priroze Jee Jeebhoy towers,
Dalal Street,
Mumbai - 400 001

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**ITEM NOS. 4 & 5**

Dr. N.C. Pal was appointed as Additional Director by the Board of Directors of the Company ("the Board") at its meeting held on 27th December, 2001 with effect from 27th December, 2001. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Dr. N.C. Pal holds the office upto the date of 20th Annual General Meeting of the Company. Notices have received from members of the Company in pursuance of Section 257 of the Act, along with deposit of Rs. 500 proposing Dr. N.C. Pal as a candidate for the office of Director of the company. Dr. N.C. Pal has given his consent, if appointed, to act as Director of the Company.

Dr. N.C. Pal, aged 44 years, is a Member of the Institute of Cost and Works Accounts of India and Doctorate in Commerce of B.H.U., having total experience of twenty years in key position of Finance & Accounts of various organizations including M.N.C., Govt. of India Undertakings and Joint Sector Undertakings. He is also recipient of 20th Century Excellence Award in 1999 for his achievement in corporate Finance Management.

Your Directors recommend that the resolution be passed.

None of the Directors except Dr. N.C. Pal is interested in the proposed resolution.

Mr. Sambit Mohanty was appointed as Additional Director by the Board of Directors of the Company ("the Board") at its meeting held on 27th December, 2001 with effect from 27th December, 2001. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Mr. Sambit Mohanty holds the office upto the date of 20th Annual General Meeting of the Company. Notices have received from members of the Company in pursuance of Section 257 of the Act, along with deposit of Rs. 500 proposing Mr. Sambit Mohanty as a candidate for the office of Director of the company. Mr. Sambit Mohanty has given his consent, if appointed, to act as Director of the Company.

Mr. Sambit Mohanty, aged 40 years, is a law graduate having 16 years work experience in Mechanical product manufacturing. He is a young emerging Industrialist in Orissa Business Industry.

Your Directors recommend that the resolution be passed.

None of the Directors except Mr. Sambit Mohanty is interested in the proposed resolution.

ITEM NOS. 6

Member may recall that Mr. Dillip Kumar Das has been appointed as Managing Director of the Company for a period of five years from 7th August, 1997. Accordingly, the tenure of office of Mr. Dillip Kumar Das ended on 6th August, 2002.

At its Meeting held on 30th July 2002, the Board of Directors reappointed Mr. Dillip Kumar Das as Managing Director for a further period of five years from 7th August, 2002. The remuneration and terms of appointment of Mr. Dillip Kumar Das is given herein before as a part of the notice of Annual general Meeting.

According to Section 269, 309 and Schedule XIII of the Companies Act, 1956, the reappointment 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 Kumar Das and his brother Mr. Deepak Kumar Das is interested in the proposed resolution.



DIRECTOR'S REPORT

To the Members

Your Directors have pleasure in presenting their twentieth Annual Report and Audited Accounts of your Company for the year ended 31st March 2002.

FINANCIAL RESULTS

	(Rs. In lakhs)		
	2001-2002	2000-2001	Increase/ (Decrease) in %
Sales & Other income	563.06	677.34	(17)
Less : Expenditure	519.62	638.55	(19)
Profit before interest & depreciation	43.44	38.79	12
Interest	45.20	49.02	(8)
Depreciation	13.00	14.11	(8)
Loss before taxes	(14.76)	(24.34)	(39)
Provision for taxation - Deferred (Asset-Net)	1.67	—	—
Loss after tax	(13.09)	(24.34)	(46)

FINANCIAL PERFORMANCE

In macro economic level the industrial growth has not been to the expected level during the year under review. Like other industry the transformer industry has also not been doing well. In changed economic environment the strategy of the company has been reformulated by thrusting to increase the export sales that not only contribute the higher value addition but also reduced the interest cost for lower working capital requirement. The risk of bad debt is also mitigated in case of export sales, since the dispatch is made only against L.C. In another side the focused area is to reduce the cost that is a continuous process for becoming more competitive in liberalized economic environment. This strategy as implemented sometimes during 1st quarter of the last accounting year has yielded very impressive results as during the year under review, the profit before interest & depreciation has increased by 12% and net loss has reduced by 46% as compared to last year inspite of the fact that the overall sales volume has reduced by 12%. The revised mechanism of funding the working capital needs has reduced the overall interest cost by 8% as compared to last year. The efforts of cost reduction drive have yielded the reduction of cost (Other than interest & depreciation) by 19% against the reduction of overall sales volume & other income by 17%. The net gain by way of cost reduction on this account has been Rs. 5 lakhs which is after absorbing the additional cost of wages as per new wage agreement and bad debt against earlier years sales, otherwise the net gain would have been much more.

FUTURE PROSPECTS :

In changed economic environment, where cost is fixed by the price instead of price is fixed by the cost, the new strategy covering different functional areas has been formulated and implemented which seems to be effective and started yielding the desired results. The focused area on marketing has been shifted to export market from domestic market since the price in domestic market is not only unremunerative but the chances of increase of bad debt are more. Overall, the longer period of blockage of funds with the state run SEB lead to high interest cost to the company. Since the product of the company has been well accepted to various countries where the company has exported so far, and there has been increasing response from international market, it is expected the export sales will increase substantially during the year. In another side, the cost reduction drive has been initiated and suitable mechanism has been worked out to reduce the raw materials cost, interest cost and other overhead expenses. It is expected the new strategy as formulated & implemented will give more impressive results in due course of time.

TWENTIETH ANNUAL REPORT 2001-2002**FIXED DEPOSITS**

The company has not accepted any deposits so far.

DIRECTORS

Mr Deepak Kumar Das, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment. Your Directors recommend his re-appointment.

During the year Dr. N.C. Pal and Mr. Sambit Mohanty were appointed as Additional Director whose term will come to an end at the ensuing Annual general Meeting unless appointed as Director by the shareholders. In this regard, the company has received a notice under section 257 of the Companies Act, 1956 from the shareholders along with the requisite deposit signifying their intention to propose Dr. N.C. Pal and Mr. Sambit Mohanty for the office of Directors. Your Directors recommend their appointment.

Mr. Dillip Kumar Das has been appointed as a Managing Director of the company for a period of five year, with effective from 7th August, 1997. Accordingly, the tenure of office of Mr. Dillip Kumar Das ended on 6th August, 2002. At the Meeting held on 30th July 2002 the Board of Directors of the company re-appointed Mr. Dillip Kumar Das as Managing Director for a further period of five years from 7th August, 2002 for his eminent contribution made to the company during his tenure of Managing Directorship subject to approval of the members of your company in general meeting.

AUDITOR'S OBSERVATION

Replies to the comments of the Statutory Auditors of the Company as required under Section 217 of the Companies Act, 1956 are contained in the Addendum to the Director's Report.

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(1B) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed, along with proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company at the end of the financial year and of the profit of your company for that period;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of that Act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on going concern basis.

DIVIDEND

In view of absence of profits, your Board regrets its inability to recommend any dividend.

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 of the Company has been in receipt of remuneration exceeding the amounts envisaged by Section 217(2A) of the Companies Act, 1956.

**CORPORATE GOVERNANCE**

In pursuance to the provisions of Clause 49 of the Listing Agreement the Company required to implement this Clause latest by 31st March, 2003. As a measure of implementing this Clause the Board has appointed two Additional Independent Director in its Meeting held on 27th December, 2001. Further the Board has Constituted an Audit committee, Remuneration Committee and Shareholder Grievance Committee at its meeting held on 28th June, 2002 in compliance to Clause 49 of the Listing Agreement. The Audit Committee consists of three Non-Executive Independent Directors with Mr. S.K. Nanda as the Chairman of the Committee. Other Members of the Committee are Dr. N.C. Pal and Mr. Sambit Mohanty.

Ms. Susmita Dash, Company Secretary of the Company acts as a Secretary to the Committee.

The Remuneration Committee consists of the 3 Non-Executive Independent Directors. Mr. S.K. Nanda is the Chairman of the Committee. Other Members of the Committee are Dr. N.C. Pal and Mr. Sambit Mohanty.

The Share Transfer and Investor Grievance Committee reconstituted by inducting Dr. N. C. Pal as an Additional Professional and Independent Director as the Member of the Committee. Now it consists of 3 Director Mr. Dillip Kumar Das, Mr. Deepak Kumar Das and Dr. N.C. Pal as the Chairman of the Committee.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation and gratitude for the timely support and assistance rendered by the State Bank of India and Industrial Promotion and Investment Corporation of Orissa Limited. Your Directors also wish to place on record their appreciation for valuable services rendered by employees at all levels.

FOR AND ON BEHALF OF THE BOARD

Place : Bhubaneswar
Dated : 30th July 2002

DEEPAK KUMAR DAS
Director (Finance)

DR. N.C. PAL
Director

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 2002.

- A. Conservation of Energy : Nothing to Report
- B. Technology Absorption : Nothing to Report
- C. Foreign Exchange Earnings and outgo :

Year	2001-02	2000-01
Expenditure	61.27	36.42
Earning	206.27	63.88

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Bhubaneswar
Dated : 30th July 2002

DEEPAK KUMAR DAS
Director (Finance)

DR. N.C. PAL
Director

ADDENDUM TO THE DIRECTOR'S REPORT

(Replies to comments of Statutory Auditors)

1. Para 2.4
Provision for leave salary has been created on estimate basis but not actuarially as envisaged in Accounting Standard (AS-15).
Provision amounting to Rs. 64,070/- has been made based on unavailed leave balance as per actual basis. Actuarial valuation shall be taken up after examining its feasibility of implementation.
2. Para 2.6 (a)
Liquidated damages amounting to Rs. 40.53 lakhs has not been provided pending settlement with the parties.
The same are considered as contingent liability in terms of accounting policy.
3. Para 2.6 (b)
Non-creation of provision pertaining to intercorporate deposit along with accrued interest therein amounting to Rs.13.34 lakhs being doubtful of recovery.
The company has filed a suit against the party and your Directors do not consider the amount as doubtful of recovery. Provision, if needed will be made, based on the outcome of the case, in the subsequent years.
4. Para 2.6 (c)
In absence of availability of any Balance Sheet of Talaja Conductors Pvt. Ltd. auditors are unable to opine on the diminution if any, in the value of investments of Rs.150000/- made by the company.
The concerned Company has been requested to furnish the Balance Sheet as soon as it is ready.
5. Para 2.6 (d)
Advance against share outstanding to Rs. 5.00 lakhs pending for allotment.
Necessary steps are being taken for settlement of this advance.



AUDITORS' REPORT

To

The Members of
Alfa Transformers Limited

We have audited the attached Balance Sheet of ALFA TRANSFORMERS LIMITED, as at 31st March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to-above, we report that :
 - 2.1. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of audit;
 - 2.2. 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 the books;
 - 2.3. The Balance Sheet and the Profit & Loss Account dealt with by this report, are in agreement with the books of account;
 - 2.4. In our opinion, the Balance Sheet and the Profit & Loss Account have been drawn in accordance with Accounting Standards referred to in sub-Section 211 of the Companies Act, 1956, *except for creation of provision for leave salary on estimate basis but not actuarially as envisaged in Accounting Standard (AS-15) issued by the Institute of Chartered Accountants of India. (Refer Accounting Policy 1(I) of Schedule 15);*
 - 2.5. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of Clause (g) of Sub-Section (I) of Section 274 of the Companies Act, 1956;
 - 2.6. **Attention is invited to:**
 - (a) Liquidated damages and other recoveries deducted by Sundry Debtors amounting to Rs. 40.53 lakhs not been provided pending settlement with the parties (Refer Note No. 2(c) (ii) of Schedule 15).
 - (b) Non creation of provision pertaining to Inter Corporate Deposit along with accrued interest thereon amounting to Rs. 13.34 lakhs being doubtful of recovery (Refer Note No.2(c) (iii) of Schedule 15).
 - (c) In absence of availability of any Balance Sheet of Talaja Conductors Pvt. Ltd., We are unable to opine on the diminution if any, in the value of investments of Rs. 1,50,000/- made by the Company.
 - (d) Note No. 2(c)(iv) regarding Rs. 5 lakh advance against shares pending allotment.