



ALFA TRANSFORMERS LIMITED



21st Annual Report
2002-2003



ALFA TRANSFORMERS LIMITED

BOARD OF DIRECTORS

Mr. Dillip Kumar Das	Chairman & Managing Director
Mr. Deepak Kumar Das	Director (Finance)
Mr. S.K.Nanda	Director
Mr. B. N.R Patnaik	Director (nominee of IPICOL upto 30 th October 2002)
Dr. N. C. Pal	Director
Mr. Sambit Mohanty	Director

COMPANY SECRETARY **Ms. Susmita Dash**

AUDITORS A.K.Sabat & Co,
A/348, Sahid Nagar,
Bhubaneswar -751007

BANKERS State Bank of India,
Commercial Branch,
IDCOL House (Ground Floor),
Unit -II, Ashok Nagar,
Bhubaneswar -751001
Dist. : Khurda (Orissa)

**REGISTERED OFFICE
AND FACTORY** Plot No. 3337,
Mancheswar Industrial Estate,
Bhubaneswar -751010

**REGISTRAR & SHARE
TRANSFER AGENT** Computech International Ltd,
77/2A, Hazra Road, 5th Floor,
Calcutta- 700029

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ALFA TRANSFORMERS LIMITED

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the company will be held at Hotel "The New Marriion", 6 Janpath, Bhubaneswar-1, on Wednesday, the 10th day of September 2003 at 11.30 A.M to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as on 31st March 2003, the profit and Loss account for the year ended on that date and the reports of the auditors and directors thereon.
2. To appoint Director in the place of Mr. S. K.Nanda who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors who shall hold office from conclusion of the 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 modifications, the following resolution as **Special Resolution** :

"RESOLVED THAT approval be and is hereby given for de-listing of shares of the Company from Bhubaneswar Stock exchanges and The Calcutta Stock Exchanges Association Limited in terms of Securities and Exchanges Board of India (De-Listing of Securities) Guidelines, 2003 and other extant guidelines."

"FURTHER RESOLVED THAT the Managing Director/ Company Secretary of the Company be and are here authorized to do all such acts, deeds and take such action as may be necessary in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956 and subject to the approval of the Registrar of Companies in this behalf, consent of the members be and are hereby given to alter the Article of Association by inserting the following clause "3A" after the existing clause 3 of Article of association of the company as under:

The Company shall, subject to the provisions of the Companies Act, 1956, and statutory modifications thereto, have the power to purchase / buyback its own shares and / or other securities, to make payment therefore out of its free reserves, share/ securities premium account or any other source approved by the Government or other appropriate authorities, and to cancel/ extinguish or re-issue such shares in accordance with the provisions of law applicable from time to time.

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

"RESOLVED THAT pursuant to section 192A of the Companies Act, 1956, the Articles of Association of the company be altered by adding a new Article No.81A after Article 81."

" Article 81A: Passing of Resolutions by Postal Ballot.

Notwithstanding anything contained in the provisions of these articles and in accordance with the provisions of section 192A of the Companies Act, 1956 and the rules framed thereunder from time to time, the company may, and in the case of resolutions relating to such business as the central government may, by notification, declare to be conducted only by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in General Meeting of the company. The Company shall comply with the procedures prescribed by the Act and the rules and notifications issued thereunder in this regard."

By Order of the Board
For Alfa Transformers Limited

Place: Bhubaneswar
Date: 30th July, 2003

Sd/-
Susmita Dash
Company Secretary

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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 No.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 02.09.2003 to 09.09.2003 (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 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 209C01015.
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 Share are listed, are given below:

Bhubaneswar Stock Exchange Limited,
6th Floor, IDCO Tower,
Janapatha,
Bhubaneswar-751022

The Calcutta Stock Exchanges Association Ltd.
7, Lyons Range,
Calcutta- 700001.

The Stock Exchanges Mumbai,
Phiroze Jee Jeebhoy Towers,
Dalal Street,
Mumbai-400001.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Equity Shares of Rs. 10/- each of Alfa Transformers Limited are presently listed in three Stock Exchanges i.e. Bhubaneswar Stock Exchange, The Calcutta Stock Exchange Association Limited and The Stock Exchanges Mumbai.

As per the Securities and Exchange Board of India (De-listing of Securities) Guidelines –2003, the company can de-list its securities from the stock exchanges by following the procedure prescribed in the guidelines. Further, as long as its securities are listed in the stock exchange having nation wide trading terminals viz. NSE or BSE, there is no need for the company to give an exit opportunity to the shareholders in terms of Clause 5.2 of the said guidelines.

There has been increase in on-line trading due to the extensions of terminals of The Stock Exchange Mumbai across major towns of the country. This facilitates the investors to freely trade securities as per their requirement from any major town of the country. The trading of Alfa Transformers Limited shares mainly take place in BSE.

The listing fees paid to Bhubaneswar Stock Exchange and The Calcutta Stock Exchange Limited is not commensurate with trading volumes of shares of the company.

It is therefore, proposed to de-list company's shares from Bhubaneswar Stock Exchange and The Calcutta Stock Exchange Association limited in line with the aforesaid guidelines to save the recurring expenditure of listing fee, without affecting the interest of investors of the Company and also without the liquidity of the shares.

The Directors, therefore, recommend this resolutions to de-list shares of the company from the above two stock exchanges.

Your Directors recommend that the resolution be passed.

None of the directors is interested in the proposed resolution.

ITEM NO. 5

To increase the intrinsic value of the shares and to include the recent development in the corporate laws, your Director recommend above resolution for your consideration.

Pursuant to the provisions of section 31 of the Companies Act, 1956 the change of the Articles of the company requires the approval of shareholders by special resolution in the general meeting.

Your Directors recommend that the resolution be passed.

None of the directors is interested in the proposed resolution.

ITEM NO.6

The Companies (Amendment) Act, 2000 introduced a new section 192A for passing of certain resolutions through postal ballot. While it is not mandatory to incorporate any provisions in the Articles of Association of the Company to carry on business through Postal Ballot which is statutorily required to be done, it is desirable to incorporate suitable provisions with respect to passing of resolutions by Postal Ballot in the Articles of Association of the company.

Your Directors recommend that the resolution be passed.

None of the directors is interested in the proposed resolution

DIRECTORS' REPORT

To

The Members,

Your Directors take pleasure in presenting the 21st Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March 2003, together with the Auditor's Report thereon.

FINANCIAL RESULTS :

Your Company's results for the year in comparison with previous year is given below in a summarized format:

Particulars	(Rs.in lakhs)		Increase/ (Decrease) in %
	2002-03	2001-02	
Sales & Other Income	1067.87	563.06	90
Less: Expenditure	994.36	519.62	91
Profit before interest and depreciation	73.51	43.44	69
Interest	36.66	45.20	(19)
Depreciation	13.73	13.00	6
Profit / Loss before tax	23.12	(14.76)	57
Provision for taxation - Deferred	(0.04)	1.67	-
Profit/(loss) after tax	23.08	(13.09)	76

Note : Previous year's figures are regrouped wherever necessary.

Note : Profit for this previous year would have been Rs.56.00 lakh, if bad debts of Rs. 32.92 lakh is not written off.

FINANCIAL PERFORMANCE:

Though in the macro economic level the industrial growth has not been to the expected level during the year under review but our company has done well comparatively with previous years. 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 reduces 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. Moreover, our emphasis on operational efficiencies, cost management and reduction of financial charges resulted in faster growth of profits. The financial highlight for 2002-2003 speaks for themselves.

During the year under review, the Company has identified new strategic goals and initiatives, which should propel us into a higher growth path in the coming years. The Company building its design and development capabilities so that able to quickly transform from being a pure transformer manufacturer to an integrated company that offers design, development, maintenance and manufacturing solutions to their valued customers. The growth in our sales during the year under review has been undoubtedly assisted by the overall growth of our customer segments.

Alfa has developed a focused strategy to grow in the overseas market. In 2002-2003 and secured orders for transformers from Bangladesh and Suriname. One order from Suriname has been executed and other order is in hand. The Company is also focussing on project export and has got one project export order from Bangladesh. To leverage overseas opportunities, Company has strengthened its export team and it consists of both technical and marketing personnel. In another side the focused area is to reduce the cost, which is a continuous process for becoming more competitive in liberalized economic environment. This strategy as implemented sometimes during two year has yielded very impressive results as during the year under review, the profit before interest & depreciation has increased by 69% as compared to last year results inspite of 91% increase in expenditure as compared to last year. The overall sales value and other income increased by 90% as compared to the last year. The revised mechanism of funding the working capital needs has reduced the overall interest cost by 19% as compared to last year. Though depreciation increased by 6% but there is net gain of Rs. 23.08 Lakhs for year under review after providing tax.

**FUTURE PROSPECTS:**

Continuous innovation in enhancement of product quality and reliability with enhanced features. The company's R & D activities will continue on the above lines to meet the ever changing customer needs and extremely demanding market situation. Continuous development of new products, concepts and processes resulting in increased efficiency, cost reduction and import substitution. Competencies are developed in the above areas due to technology upgradation, process improvements, awareness of new application possibilities and thereby ensuring better user benefits.

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 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 now the product of the company has been well accepted to various countries where the company has exported so far, and the brand of the company has been established in the international market. It is expected the export sales will increase substantially during the year since there has been encouraging response from the international market. 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 to come.

FIXED DEPOSITS :

The Company has not accepted any deposits so far.

DIRECTORS :

Pursuant to provisions of Section 256 of the Companies Act, 1956, Mr. S.K.Nanda will retire by rotation at the ensuing Annual General meeting and, being eligible, offer himself for reappointment.

Your Directors recommend his re- appointment.

AUDITORS' 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.

DIRECTOR'S RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the 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 judgments 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 this 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 a going concern basis;

DIVIDEND :

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

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION, FOREIGN EXCHANGE EARNING AND OUT GO :

Details regarding Technology absorption, Energy Conservations, foreign exchange earnings and outgo are given separately in Annexure "A" to the report.

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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.

DISCLOSURE AS PER LISTING AGREEMENT:

Clause 32:

The cash flow statement in accordance with accounting standard and cash flow statement (AS-3) issued by ICAI is appended to this Annual Report.

Clause 43A:

The Company's shares are listed on The Bhubaneswar Stock Exchange Limited, The Stock Exchange Mumbai and The Kolkata Stock Exchange Limited. The Annual listing fees to the Stock Exchanges for the year 2003-04 have been paid.

Voluntary Delisting from Bhubaneswar and Calcutta Stock Exchanges:

The Equity shares of your Company, Which are under compulsory demat, are presently listed on Bhubaneswar Stock Exchanges Limited, The Calcutta Stock Exchanges Association Limited and The Stock exchanges Mumbai. The Mumbai Stock Exchanges is accessible for on-line trading across the Country. As explained in the Explanatory Note to item No.4 of the notice of the Annual general Meeting, there has been nil trading in the Bhubaneswar and Calcutta stock Exchanges for last 2 years. In view of this, the company proposes to voluntarily delist from the said Stock exchanges without giving an exit option to those shareholders. The interests of the shareholders in the said region will not be affected adversely as the on-line services of the Mumbai Stock Exchanges are available across the country.

CORPORATE GOVERNANCE:

The Company has complied with all mandatory provisions of Corporate Governance as prescribed under clause 49 of the Listing Agreement. A report on Corporate Governance, along with the certificate on its compliance from the Auditors forms part of this report.

QUALITY SYSTEM:

The company has been ISO 9001 accredited by NQAQSR, New Delhi from September, 1997. The company successfully established the quality systems. The quality management systems is applicable to " Design, Manufacture and sale of Distribution & Power Transformers ranging from small pole Mounted Distribution Transformers ranging from Small Pole Mounted Distribution Transformers of 10KVA, 12KV Class to Power Transformers of 10MVA, 36KV class".

INDUSTRIAL RELATIONS:

Your Company has had harmonious industrial relations throughout the year under review at all levels of the organization, and would endeavor to maintain this cordial relationship.

ACKNOWLEDGEMENTS:

Your Directors wish to express their grateful appreciation for the assistance and co- operation received from State Bank of India and Industrial Promotion and Investment Corporation of Orissa Limited.

Cordial relations prevailed during the year with all the employees. Your Directors wish to place on record their deep sense of appreciation for the valuable work done and co-operation extended by them at all levels.

Your Directors also wish to express their gratitude to investors for the continued faith reposed by them in the Company.

FOR AND ON BEHALF OF THE BOARD

DILLIP KUMAR DAS
CHAIRMAN

Place: Bhubaneswar

Date: 30th July, 2003

**ANNEXURE "A" TO THE DIRECTOR'S 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, 2003.

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

Year	2002-03	2001-02
Expenditure	146.03	61.27
Earning	636.81	206.27

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DILLIP KUMAR DAS
CHAIRMAN

Place: Bhubaneswar

Date: 30th July, 2003

ADDENDUM TO THE DIRECTOR'S REPORT

(Replies to comments of Statutory Auditors)

ANNEXURE "B" TO THE DIRECTORS' REPORT

- 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.79970 has been made based on unavailed leave balance as per actual basis. Actuarial valuation shall be taken up after examining its feasibility of implementation.
- Para 2.6 (a)
Liquidated damages amounting to Rs. 31.06 lakhs has not been provided pending settlement with the parties.

The same are considered as contingent liability in terms of accounting policy.
- Para 2.6 (b)
Non-creation of provisions 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.
- 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.