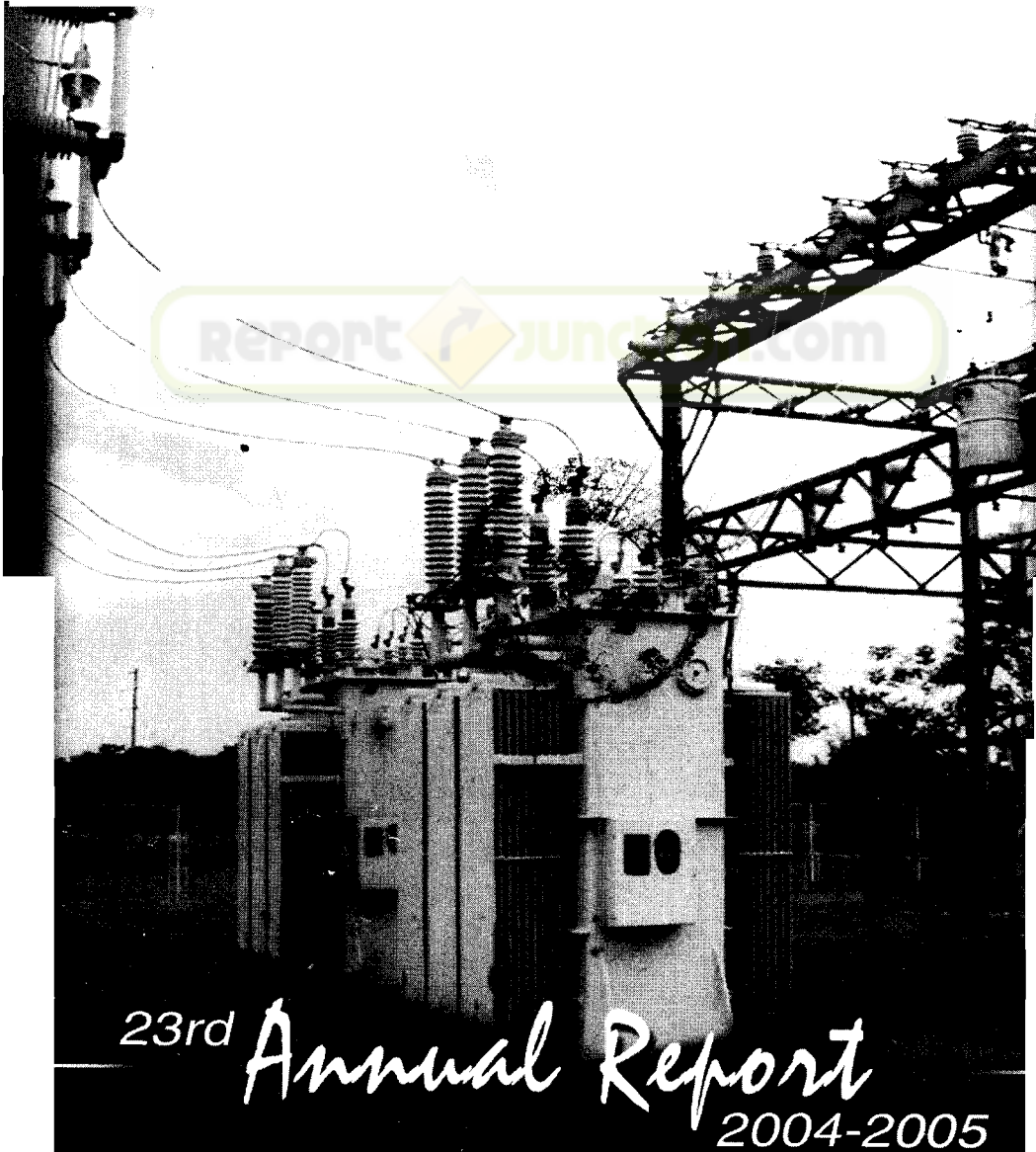




# ALFA TRANSFORMERS LIMITED



**BOARD OF DIRECTORS**

<b>Mr. Dillip Kumar Das</b>	Chairman & Managing Director
<b>Mr. Deepak Kumar Das</b>	Director (Finance)
<b>Mr. S. K. Nanda</b>	Director
<b>Dr. N. C. Pal</b>	Director
<b>Mr. Sambit Mohanty</b>	Director
<b>Mr. Debasis Das</b>	Director
<b>Mr. Sushil Kumar Nayak</b>	Director
<b>Mr. Santosh Kumar Patnaik</b>	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** MSC Limited.  
77/2A, Hazra Road, 5th Floor,  
Calcutta - 700029

23<sup>rd</sup>  
**Annual Report**  
 2004-2005

**23<sup>rd</sup> Annual General Meeting**  
**on Wednesday, 14<sup>th</sup> September 2005,**  
**at Hotel "The Presidency"**  
**1471/A, Nayapalli, Bhubaneswar - 15**

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## NOTICE

NOTICE is hereby given that the 23<sup>rd</sup> Annual General Meeting of the company will be held at Hotel " The Presidency", 14<sup>th</sup> 1/A, Nayapalli, Bhubaneswar- 751015 on Wednesday the 14<sup>th</sup> day of September 2005 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 31<sup>st</sup> March 2005, 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.S.K. Nanda, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Mr. Deepak Kumar Das, who retires by rotation and being eligible offers himself for reappointment.
4. 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 :

5. 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 appointment of Mr. Debasis Das as Whole-Time Director for a period of five years with retrospective effect from 1<sup>st</sup> April, 2005 at the following terms and conditions:

#### a. SALARY :

Rs.12,000/- per month, which will be paid as a minimum remuneration in the absence of adequacy of profits.

#### b. COMMISSION :

1% 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 during tenure of his directorship.

In case he chooses to avail house rent allowance in lieu of free furnished accommodation, he shall be entitled to a house rent allowance maximum upto 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 :

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 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."

**Children's education allowance :**

In case of children studying in or outside India, an allowance limited to a maximum of Rs. 1,000/- per child per month will be payable to Mr. Das against actual expenses.

**Leave Encashment :**

Leave and encashment of leave as per the Rules of the Company.

**Reimbursement Entertainment Expense :**

Reimbursement of entertainment, traveling and other expenses incurred for the business of the company as per the Rules of the Company. Traveling expenses of spouse accompanying the Whole time Director on any official overseas or inland trip will be governed as per the Rules of the Company.

**By Order of the Board**

**For Alfa Transformers Limited**

**Sd/-**

**Place: Bhubaneswar**

**Susmita Dash**

**Date: 30<sup>th</sup> July, 2005**

**Company Secretary**

**NOTES FOR MEMBER'S ATTENTION:**

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.5 of the Notice as set out above, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 5<sup>th</sup> September, 2005 to Wednesday, the 14<sup>th</sup> September, 2005 (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 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 MCS Limited, 77/2A, Harza Road, 5th Floor, Kolkata-700029.

9 The names and address of the stock exchanges where at the company's Share are listed, are given below :

The Stock Exchange Mumbai, (BSE)	The Bhubaneswar Stock Exchange Limited,	The Calcutta Stock Exchange Association Limited,
Phiroze Jee Jeebhoy Towers,	(Applied for Delisting)	(Applied for Delisting)
Dalal Street,	6 <sup>th</sup> Floor, IDCO Tower,	7, Lyons Range,
Mumbai-400001	Janapatha, Bhubaneswar-751022.	Calcutta- 700001.

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

### ITEM NO.5

At its meeting held on 2<sup>nd</sup> May, 2005, the Board of Directors have appointed Mr. Debasis Das as Whole-Time Director for a period of five years with retrospective effect from 1<sup>st</sup> April, 2005. The terms of his appointment and remuneration payable are set out in the Resolution, which is part of the notice of meeting.

According to Section 269, 309 and Schedule XIII of the Companies Act, 1956, the appointment of Whole-Time 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.

Except Mr. Debasis Das and Mr. Dillip Kumar Das, none of the directors is interested or concerned in the proposed resolution.

### ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT/RE- APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

*(Pursuant to Clause 49 of the Listing Agreement)*

#### Item No.2 of Notice of AGM

##### Brief Profile Mr. Santosh Kumar Nanda

**Mr. Santosh Kumar Nanda**, aged 77 years holds a Post Graduate in Electrical Technology from Indian Institute of Science, Bangalore. He is also Fellow member of Institution of engineers India, past Chairman of Institution of Engineers India Orissa Center and past Chairman of Confederation Engineering Industry. He started his career as Asst Electrical Engineer, Electricity Department, Government of Orissa and retired from the Government services as Chairman, Orissa State Electricity Board. After his retirement he worked as Charter Engineers & Electrical Consultant. Presently he is working as Advisor (Power Projects), in IMFA Group of Companies, Bhubaneswar

and installed 108 MW Captive Thermal Plant for the organization.

He is also a director in IPCL, Calcutta from December, 2004 and Chairman of Audit Committee and Remuneration Committee of your company.

#### Item No.3 of Notice of AGM

##### Brief Profile Mr. Deepak Kumar Das

**Mr. Deepak Kumar Das**, aged 55 years, holds a Post Graduate Degree in Chemistry from Utkal University. He started his career as Lecturer in Chemistry in Government College and resigned there from to join his brother in promoting M/s Alfa Transformers Limited. He has over 21 years of experience in business including Finance and Management functions. Presently he is Director (Finance) of your company.

He is Managing Director Industrial Designs & Services Private Limited and member of Share Transfer and Investor Grievance Committee of your company.

#### Item No.5 of Notice of AGM

##### Brief Profile Mr. Debasis Das

**Mr. Debasis Das**, aged 32 is a graduate from Utkal University. He is a young, dynamic energetic and positive esteemed person. He was associated with the company since 1997 and serving as Assistant Manager Marketing. Due to his sincere efforts the company is able to increase its sale in domestic market and was appointed as Additional Director in the Board in their meeting held on 28.06.2004.

He is a Director of Galaxy Medicare Limited, Oricon Industries Private Limited, Oriental Insulated Conductors Private Limited and Industrial Designs & Services Private Limited. He is also a member of Audit Committee, Remuneration Committee and of Share Transfer and Investor Grievance Committee of your company.

## DIRECTORS' REPORT

To

**The Members,**

Your Directors take pleasure in presenting the 23<sup>rd</sup> Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31<sup>st</sup> March 2005, together with the Auditors' Report thereon.

### FINANCIAL RESULTS

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

(Rs.inlakhs)			
Particulars	2004-05	2003-04	Increase/ (Decrease) in %
Sales & Other Income	1135.01	1088.32	4.29
Less: Expenditure	1021.71	1009.11	1.24
Profit before Interest, Depreciation, Doubtful debts & Advances	113.30	79.21	43.03
Less: Bad and Doubtful Debts	21.78	2.57	—
Doubtful Advances	13.34	—	—
Profit before interest and depreciation	78.18	76.64	2.01
Less: Interest	27.37	32.40	(15.52)
Depreciation	16.18	14.30	13.15
Profit / Loss before tax	34.63	29.94	15.66
Provisions for Tax :			
— Current Tax (Minimum alternate tax)	2.72	1.96	—
— Deferred Tax	11.53	1.30	—
Profit/(loss) after tax	20.38	26.68	(23.61)
Add: Income Tax Earlier Years written back	0.26	0.42	—
Net Profit	20.64	27.10	(23.84)

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

### FINANCIAL PERFORMANCE :

The Performance of the Company is not at par as per the expectation for the year under review. During the last 12 to 18 months raw material price like Copper and Electro steel fluctuate sharply. The price of imported CRGO (Colled Rolled Grain Oriented Steel) increased upto 300 % as compared to last year price, which act adversely against the performance of the company. Usually the export are on the basis of firm price so anticipating the price variations the company reduces it's exposure in the export market. In last 2 years the export turnover was more than 70 % in comparison to 38 % this year. However the sale in domestic market was marginally increased.

Though the profit before tax has increased by 15.66% as compared to the last year performance net profit has been reduced by 23.84% mainly due to increase in depreciation charges by 13.15%, total expenditure by 1.24% respectively and company has also provided Rs.21.78 lakhs for bad & doubtful debts, Rs.13.34 lakhs for doubtful advances and Rs.11.53 Lakhs towards Deferred Tax Liability. Now the Company is taking further steps to tap new overseas opportunities and Challenges

in the new competitive globalized environments. In the year under review the company was approved by Power Grid Corporation of India Limited a Government of India undertaking and it is anticipating orders from Siemens, Crompton Greaves and Nagarjun Construction Limited etc who execute contracts for PGCL. Another focused area of the company is to reduce the cost and to develop a system where error, duplication of work can be minimized and value of error can be quantified and overall to create a cost consciousness among all associates of the company.

### FUTURE PROSPECTS :

The transformer business is posed for strong growth in the coming year. To succeed, your company will focus on attaining global cost competitiveness, superior operating efficiencies and enhancing its competitiveness further by way of expansion. The company has taken proactive efforts in recent years to penetrate into other overseas market, since it's product has been well accepted by various countries where the company has exported so far. The company is also able to establish it's own name

and brand in international market. The company has developed a strategy focus on strengthening its presence in export while retaining leadership in the domestic market. The Company is planning to venture into lucrative market of furnace transformers and other special duty transformers. The Company has initiated this target with valued support of IMFA. IMFA motivated this move by giving an opportunity by placing order for 4 number of 9 MVA Furnace Transformer and the company expecting to get in a big way the repair and annual maintenance of Furnace Transformer from the Industry based in Orissa. The Common Minimum Programme of UPA government is to electrify all the village by 2012, which will increase the requirement of both Power & Distribution Transformer. The cost reduction drive has also been initiated and suitable system has been formulated to create cost consciousness, which will give remunerative results in ensuing time. There is a continuous effort by the company for enhancement of its product quality and customer services. The continuous development of new products, concepts and process, resulting in increases in efficiency is to strive to improve the present performance and to achieve a better future.

#### 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 and Mr.Deepak Kumar Das will retire by rotation at the ensuing Annual General meeting and, being eligible, offer themselves for reappointment. Your Directors recommend their reappointment.

Mr.Debasis Das has been appointed as Whole-Time Director at the Meeting of Board of Directors held on 2<sup>nd</sup> May, 2005 for a period of five years with effect from 1<sup>st</sup> April, 2005 subject to approval of the members of your company in general meeting for his excellent contribution which gave a high domestic turnover to the company in the year under review.

#### 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, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) ~~the Directors have~~ 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 as at 31<sup>st</sup> March, 2005 and of the profit of your Company for the year ended on that date;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act, 1956 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 OUTGO

Details regarding Technology absorption, Energy Conservations, 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.

#### DISCLOSURE AS PER LISTING AGREEMENT:

##### Cash Flow :

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

##### Related Party Transactions:

As a matter of policy, your company carries out transactions with related parties on an arm-length basis.



# 23rd Annual Report

2004-2005

Statement of these transactions is given in the Notes to Account (Note-N) attached in compliance of Account Standard No.AS-18.

## Listing :

The Company's shares are listed on the Stock Exchange Mumbai. The Annual listing fees to the Mumbai Stock Exchange for the year 2005-06 have been paid.

## Voluntary Delisting from Bhubaneswar and Calcutta Stock Exchanges:

In pursuant to provisions of Clause 5.2 of Securities and Exchange Board of India (De-listing of Securities) Guidelines -2003 the company got the approval of the delisting of it's equity shares from Calcutta and Bhubaneswar Stock exchange in the last Annual General Meeting held on 10<sup>th</sup> September, 2003 and same was intimated to the respective stock exchanges but the company is yet to receive their approval for the same. The delisting from the Bhubaneswar Stock Exchange and Calcutta Stock Exchange is in advanced stage and approval is expected to be received soon.

The equity shares shall continue to be listed on the Stock exchange Mumbai (BSE), which has nation-wide trading terminals.

## 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 is annexed in "Annexure B" to the report, along with the certificate on its compliance from the Auditors forms part of this report.

## QUALITY SYSTEM :

The company has been ISO 9001 : 2000 accredited by NQAQSR, New Delhi. 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". During the year under review, the company was accorded one Star House Status by Govt. of India.

## 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.

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

Sd/-

PLACE : BHUBANESWAR

DATE: 30<sup>TH</sup> JULY,2005

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 31<sup>st</sup> March, 2005:

- A. Conservation of Energy : Nothing to Report
- B. Technology Absorption : 1. We have taken energy conservation seriously and arranged to have an energy Audit during the year under review by National Productivity Council, Bhubaneswar.
2. By taking different steps to reduce consumption of energy we have reduced the consumption by 33750 units though the production in the current year is higher than the previous year. The extract of consumption of energy is annexed hereunder :

Year	2004-05	2003-04
Unit Consumed	3 38 745 Units	3 72 495 Units
Payment Made	Rs.15 02 855/-	Rs.16 56 520/-
Savings:		
Unit	33 750 *	
Payment	Rs.1 53 665/-	

- C. Foreign Exchange Earnings and Outgo:

(Rs in Lakhs)

Year	2004-05	2003-04
Expenditure	182.09	143.31
Earning	378.08	724.89

FOR AND ON BEHALF OF THE BOARD

Sd/-

PLACE : BHUBANESWAR

DILLIP KUMAR DAS

DATE: 30<sup>TH</sup> JULY,2005

CHAIRMAN