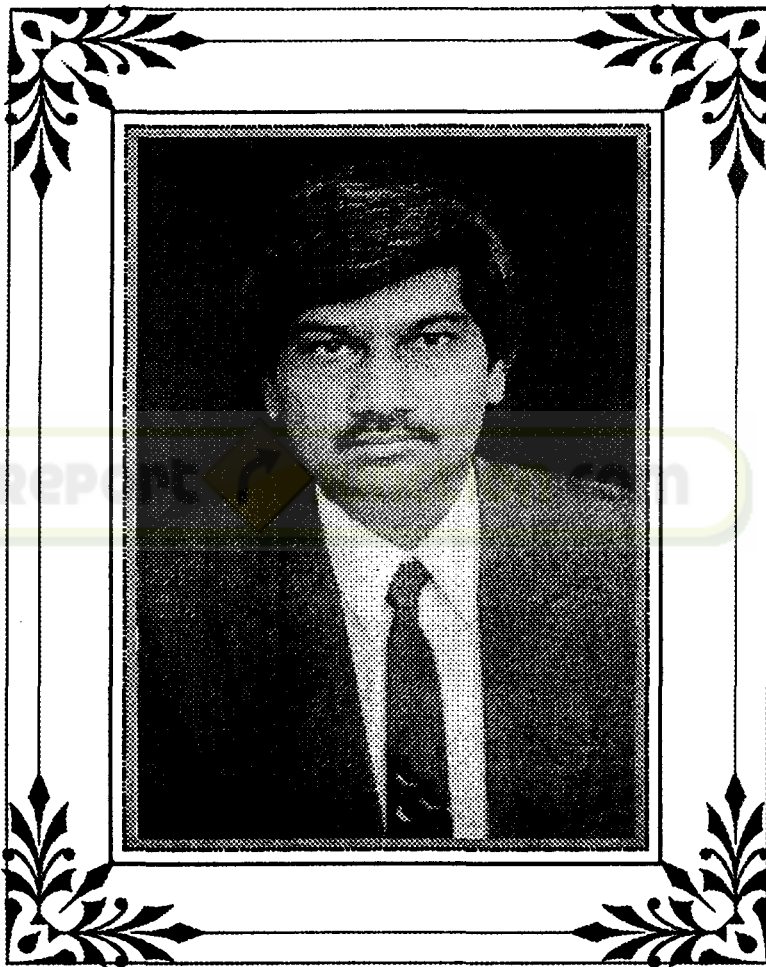


56th
ANNUAL REPORT
2003 - 2004



RTS POWER CORPORATION LIMITED

Mortal in life - immortal memory



Late Surendra Bhutoria (1961-1995)



RTS POWER CORPORATION LIMITED

BOARD OF DIRECTORS

SRI ABHAY BHUTORIA	MANAGING DIRECTOR
SRI RAJENDRA BHUTORIA	DIRECTOR
SRI SARDUL SINGH JAIN	DIRECTOR
SRI LOON KARAN PATAWARI	DIRECTOR
SRI SHARAD BHUTORIA	DIRECTOR

AUDITORS :

A. C. BHUTERIA & CO.
CHARTERED ACCOUNTANTS
2, INDIA EXCHANGE PLACE,
KOLKATA - 700 001

BANKERS :

THE BANK OF RAJASTHAN LTD.
STATE BANK OF BIKANER & JAIPUR
BANK OF BARODA
IDBI BANK LTD.
BANK OF INDIA

REGISTERED OFFICE :

56, NETAJI SUBHAS ROAD,
KOLKATA - 700 001

PLANT :

- | | |
|--|---|
| 1. JAIPUR - RAJASTHAN
(Power & Distribution Transformer Unit) | 2. JAIPUR - RAJASTHAN
(132 KV Extra High Voltage
Transformer Unit) |
| 3. KALADERA - RAJASTHAN
(Oil Unit) | 4. AGRA - UTTAR PRADESH
(Power & Distribution Transformer Unit) |
| 5. SALKIA, HOWRAH - WEST BENGAL
(Power & Distribution Transformer Unit) | |

REGISTRARS & TRANSFER AGENT :

NICHE TECHNOLOGIES PVT. LTD.
C-444, BAGREE MARKET, 71 B. R. B. BASU ROAD,
KOLKATA - 700 001

RTS POWER CORPORATION LIMITED

**NOTICE**

Notice is hereby given that the 56th Annual General Meeting of RTS Power Corporation Ltd. will be held on Saturday, the 28th September, 2004 at 10.00 A.M. at the Registered Office of the Company, 56, Netaji Subhas Road, Kolkata - 700 001 to transact the following business.

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date together with the report of the Auditors and Directors thereon.
2. To appoint a Director in place of Sri Rajendra Bhutoria who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri Loon Karan Patawari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and to consider, and if thought fit to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT M/s. A. C. Bhuteria & Co., Chartered Accountants the retiring Auditors be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Director. "

Registered Office
56, Netaji Subhas Road
Kolkata - 700 001
Dated : 10th August, 2004

By Order of the Board of Directors

R. BHUTORIA
Director

NOTES :

1. A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. The proxy need not be a member of the Company.
2. The Register of Members and Share Transfer Book of the Company shall remain closed from 22.09.2004 to 28.09.2004 (both days inclusive).
3. Members are requested to notify any change in their address immediately coating their Folio No. to the Company.

**DIRECTORS REPORT**

Dear Shareholders,

Your Directors have the pleasure in presenting their fifty sixth Annual Report on the business and operations of the Company together with the audited financial account of the company for the year ended 31st March, 2004.

FINANCIAL RESULTS**Amount (Rs.)**

Profit / Loss after Depreciation		9377559.19
Less : Provision for current tax	800000.00	
Less : Deferred Tax	3143000.00	
Less : Loss Brought Forward	<u>4191395.74</u>	
		(-) 8134395.74
Net Debit Balance Carried to Balance Sheet		<u>1243163.45</u>

DIVIDEND:

Keeping in view the brought forward loss incurred by the Company last year, your Directors do not recommended any dividend this year.

OPERATION REVIEW

The turnover of the company showed significant improvement during the year. The turnover during the year was 36.84 Crores against Rs. 22.35 Crores during the previous year. This is an improvement by 64%. The Company earned a Profit of Rs. 71.14 Lacs against Rs. 0.32 Lacs during the previous year. This is an improvement of profit by 121.87%. Though the demand of transformer was sluggish, the Company could achieve this turnover amidst keen competition. The consolidation and cost cutting measures have yielded results. The financial position of our main customer i.e. State Electricity Boards remain very tight. Undue delayed payment by SEB's have adversely effected the liquidity of the Company. Continuous price hike of the major Raw Materials like copper, CRGO, Steels, T.Oil both in India and Internationally have caused hardship to the Company activities to some extent.

FUTURE OUTLOOK

The Company is continuing its process of consolidating its existing operation and optimisations of the use of available resources with reduction in cost at all levels in order to overcome the present recessionary and competitive business scenario.

With the privatisation / corporatisation of the State Electricity Boards we are hopeful of improvement in the overall scenario.

The world Bank is also financing project in the rural sector. The World Bank aided projects will boost the demand of the transformer. Since the payment is secured by the world Bank the liquidity of the Company will improve.

APDRP Projects have come up in a big way. This has accelerated the demand of all the substation equipments in which Transformer is one the main item. This will to some extent help the industry which is struggling hard with the problem of over capacity / over production for past few years.

RTS POWER CORPORATION LIMITED



Your Company, is also making effort to explore the export market for transformer, Transformer related components, active parts and other accessories. Your Directors are anticipating reasonable profit during the current year if every things moves smoothly.

CORPORATE GOVERNANCE :

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the requirements of Corporate Governance, as also a Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are annexed hereto.

DEPOSITS :

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

PARTICULARS OF EMPLOYEES :

There were no such employees of the category mentioned in section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975 as amended.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGOING :

Your Directors have nothing to report in the matter of energy conservation, technology absorption foreign exchanges earnings and outgoings.

DIRECTORS :

Sri Rajendra Bhutoria and Sri Loon Karan Patawari, Directors of the Company will retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS & AUDITOR'S REPORT :

M/s. A. C. Bhuteria & Co. Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and recommended by the Directors for holding office till the conclusion of the next Annual General Meeting with a remuneration to be fixed by the Board.

The Auditors Notes on the Accounts are self explanatory and hence require no further explanation by the Directors.

AUDIT COMMITTEE :

The Audit Committee constituted on 16th August , 2001 consists of three directors. The committee met four time during the year on 24.04.2003, 22.07.2003, 27.10.2003, 26.01.2004 respectively. All the meeting were attended by the three Directors.

DIRECTORS RESPONSIBILITY STATEMENT :

Yours Directors confirm that :

- i) In the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any Departures ;



- ii) The accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ;
- iii) That the Directors have taken proper and sufficient care or the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv) That the Directors have prepared the accounts on a going concern basis.

LISTING ARRANGEMENT :

As informed in the Annual General Meeting dated 20.09.2000 although all formalities for delisting of the Company's securities from U. P. Stock Exchange Association Ltd., Kanpur were complied the Company is yet to receive their final confirmation of delisting.

The Company's Share are now listed on Kolkata, Mumbai and Jaipur Stock Exchanges. The Annual listing fees for the year 2004 - 2005 in respect of all these stock Exchange have been paid.

APPRECIATION :

Your Directors would like to express their deep appreciation and co-operation received from Banks, State Electricity Boards, Government Authorities and Shareholders during the year under review.

Your Directors also wish to place on records their deep sense of appreciation for the devoted services of the Executive, Staffs and Workers extended to your Company.

Registered Office
56, Netaji Subhas Road
Kolkata - 700 001
Dated : 10th August, 2004

For and on behalf of the Board of Directors

RAJENDRA BHUTORIA
Director

RTS POWER CORPORATION LIMITED**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Member of RTS Power Corporation Limited

We have examined the compliance of conditions of Corporate Governance by RTS Power Corporation Limited, for the year ended 31st March, 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company, with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance stipulated in Clause 49 of the above mentioned Listing Agreement **except that the number of non-executive directors in Audit Committee is two as against the stipulated minimum of three members, the company does not have any Company Secretary and that the number of Independent directors is two as against requirement of three (half of the Board).**

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A. C. BHUTERIA & CO.
Chartered Accountants
Sd/-
(Mohit Bhuteria)
Partner

2, India Exchange Place,
Kolkata - 700 001
The 10th August, 2004

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate governance is given below :

1. Company's philosophy on Code of Governance

Corporate Governance is about directing and controlling the Company with the overriding objective of optimising return for shareholders. A good governance process aims to achieve this by providing long term visibility of its businesses, ensuring effective relationship with stakeholders, establishing systems that help the Board in understanding risk appetite and monitoring risk at every stage of the corporate's evolution process. The corporate governance is not a matter of form but of substance. It is an article of faith and should be integral to core values of the corporate.

The Company believes in abiding by the Code of Corporate Governance so as to be a responsible Corporate Citizen and to serve the best interests of all the stakeholders viz the employees, shareholders, customers, vendors, and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner, by being fair to all stakeholders, by adopting best possible governance practices towards discharging fiduciary responsibilities.



2. Board of Directors

- (a) The Board of Directors comprises of five Directors. Two Directors including the Managing Director, are wholtime Directors (Executive Directors) one director is Non-Executive / Non-independent and the other two Directors are Non-Executive Independent Directors. The Company is required to have one more Independent Director in terms of clause 49(1)(A) of the Listing Agreement. The Board is taking appropriate steps to induct Non-Executive Independent directors who can add value to the Company.
- (b) Attendance of each Director at the Board Meeting and the last Annual General Meeting (AGM)

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM
Abhay Bhutoria	Executive/Promoter Managing Director	3	No
Rajendra Bhutoria	Executive /Promoter	10	Yes
S. S. Jain	Non-Executive/ Independent	10	Yes
L. K. Patawari	- Do -	9	No
Sharad Bhutoria	Non-Executive/Promoter Non-Independent	2	Yes (as a shareholders)

- (c) Number of other Board of Directors or Board Committees where Directors of the Company are a Director/Member/Chairman :

Name of Director	Executive/ Non-Executive/ Independent	No. of Directorship in other Boards	No. of Membership in other Board Committees	No. of Chairmanship in other Board Committees
Abhay Bhutoria	Executive	11	NIL	NIL
Rajendra Bhutoria	Executive	8	NIL	NIL
S. S. Jain	Non-Executive/ Independent	15	NIL	NIL
L. K. Patawari	- Do -	3	NIL	NIL
Sharad Bhutoria	Non-Executive/ Non-Independent	2	NIL	NIL

The number of directorships and the positions held on Board Committees by the Directors are in conformity with the limits on the number of Directorships and Board Committee Positions as laid down in the Companies Act and the Listing Agreement.

- (d) Details of Board Meetings held during the period 1st April, 2003 to 31st March, 2004.

Sr. No.	Date
1	30.04.2003
2	31.07.2003
3	12.08.2003
4	31.10.2003
5	17.11.2003
6	24.12.2003
7	08.01.2004
8	31.01.2004
9	25.02.2004
10	31.03.2004

RTS POWER CORPORATION LIMITED**3. Audit Committee**

- (a) The Audit Committee of the Board exercises the powers and discharge functions as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956. It also undertakes such other matters as may be delegated by the Board from time to time. The Audit Committee Meetings were held during the year on 24.04.2003, 22.07.2003, 27.10.2003 & 26.01.2004 respectively.

Sl. No.	Name of Directors who are Member of the Audit Committee	No. of Meetings Held	No. of Meetings attended
1	Mr. S. S. Jain, Chairman	4	4
2	Mr. L. K. Patwari, Member	4	4
3	Mr. R. Bhutoria	4	4

Two members of the Audit Committee are Non-Executive Independent Directors and one is Executive Director. The Internal Auditors and Statutory Auditors are invitees to the meeting. The Company does not have a Company Secretary. The position of Secretary to the Committee is occupied by Mr. Debrup Mukherjee, who has adequate knowledge and experience in Company Law, Accounting and Secretarial matters.

The Company was required to appoint one more independent director on or before 31st March, 2003 to comply with the requirements of clause 49(II) (A) (a) of the Listing Agreement. The process of induction of Independent Directors could not be completed by 31st March, 2003 and till date. The reasons for non-compliance is that the company wants to induct non-Executive Directors who could not only be truly independent but add value to the company. The Board is taking necessary steps in this direction.

(b) Terms of Reference :

The terms of reference of this committee covers matters specified under the Listing Agreement and the Companies Act, 1956.

4. Remuneration Committee

- (a) Constitution of Remuneration Committee by listed public companies pursuant to the Listing Agreement is voluntary. The company has not constituted any Remuneration Committee.
- (b) Presently the Company does not pay any remuneration to any Non-Executive Director other than sitting fees for attending each Board Meeting. The Salary of the Executive Directors is duly approved by the shareholders.
- (c) The remuneration paid to Managing Director is subject to the limits laid down under Section 198, 309 and Schedule XIII of the Companies Act, 1956. The remuneration consists of Salary & Company's contribution to Provident Fund, leave travel allowance and other perquisites in accordance with the rules of the Company, applicable from time to time.

The terms of appointment of the managing director has been approved by the shareholders of the Company at the 52nd Annual General Meeting held on 20th September, 2000.

The Managing Director is not paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof.