

60th
Annual Report 2007-2008



RTS

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RTS POWER CORPORATION LIMITED

Mortal in Life - immortal memory



Late Surendra Bhutoria (1961-1995)

RTS POWER CORPORATION LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri Sardul Singh Jain	<i>Chairman</i>
Sri Rajendra Bhutoria	<i>Vice Chairman & Wholetime Director</i>
Sri Abhay Bhutoria	<i>Managing Director</i>
Sri Loon Karan Patawari	<i>Director</i>

COMPANY SECRETARY

Sri J. Biswas

AUDITORS

A. C. Bhuteria & Co.
Chartered Accountants
2, India Exchange Place (2nd Floor)
Kolkata - 700 001

BANKERS

The Bank of Rajasthan Limited, Jaipur
State Bank of Bikaner & Jaipur, Kolkata
Bank of Baroda, Jaipur
IDBI Bank Limited, Jaipur
Bank of India, Kolkata

REGISTERED OFFICE

56, Netaji Subhas Road (2nd Floor)
Kolkata - 700 001
Phone : (033) 2242-6025, 2242-6054
Fax : (033) 2242-6732
E-mail : rtspower@vsnl.net

PLANTS

1. Jaipur - Rajasthan
(Power & Distribution Transformers Unit)
2. Jaipur - Rajasthan
(132KV Extra High Voltage Transformers Unit)
3. Kaladera - Rajasthan
(Oil Unit)
4. Agra - Uttar Pradesh
(Power & Distribution Transformers Unit)
5. Salkia, Howrah - West Bengal
(Power & Distribution Transformers Unit)
6. Dhule - Maharashtra
(Wind Energy Division)

REGISTRAR & SHARE TRANSFER AGENT

Niche Technologies Private Limited
D-511, Bagree Market, 71, B.R.B. Basu Road, Kolkata - 700 001
Phone : (033) 2234-3576, 2235-3070/7270/7271

RTS POWER CORPORATION LIMITED

NOTICE

NOTICE is hereby given that Sixtieth Annual General Meeting of Shareholders of the Company will be held at HOTEL LINDSAY, 8B, Lindsay Street, Kolkata - 700 087 on Wednesday, 3rd day of September, 2008 at 10.00 A.M to transact the following business :

1. To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31st March, 2008 and the Balance Sheet of the Company as at that date together with the Reports of the Directors and Auditors 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 declare Final Dividend on Equity Shares.
4. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution with or without modification(s) :

"RESOLVED that pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. A. C. Bhuteria & Co., Chartered Accountants be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Audit Committee of the Board of Directors of the Company in consultation with them."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

"RESOLVED that the Board of Directors of the Company be and is hereby authorized to appoint any person qualified for appointment as Auditors of the Company under Section 228 of the Companies Act, 1956, for auditing the Accounts of the Branch Offices of the Company, situated at Jaipur - Rajasthan, Agra - U.P and Dhule - Maharashtra for the Financial Year 2008-2009, in consultation with the statutory Auditors of the Company, at a remuneration to be fixed by the Audit Committee of the Board of Directors of the Company in consultation with such person."

Registered Office :

56, Netaji Subhas Road
Kolkata - 700 001

Dated : 1st August, 2008

By Order of the Board

J. BISWAS

Company Secretary

Notes :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint the proxy to attend and vote instead of himself/herself and a proxy need not be a Member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office not less than **48 hours before the Meeting**.
2. The Register of Members and Share Transfer Books of the Company will remain closed on Tuesday, 2nd day of September and Wednesday, 3rd day of September, 2008.

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BRIEF PROFILE OF DIRECTOR SEEKING REAPPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO THE CORPORATE GOVERNANCE CODE :

Name of the Director	Sri Rajendra Bhutoria
Age	50 years
Qualifications	B.Com (Honours)
Nature of expertise	An Alumni of St Xaviers College, Kolkata. He has joined the family business at the age of 18 years and has been looking after the affairs of the Company since then. He has ample experience in general administration, production, marketing and finance. During this period, apart from looking after the Company's Power and Distribution Transformers business, he has been looking after the business of Cold Storage, Properties, Warehousing, etc. of Group Companies.
Date of First Appointment	23.12.1975
Name of the companies in which he holds Directorship of Boards	BHUTORIA BROTHERS LIMITED ABHAY TRANSFORMERS PRIVATE LIMITED BHUTORIA INVESTMENTS PRIVATE LIMITED
Name of the companies in which he holds Membership of Committees of Board	NIL
Professional Membership	NIL

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5

The Company has Branch Offices and Units at Jaipur - Rajasthan, Agra - U.P and Dhule - Maharashtra. M/s. N. C. Dhadha & Co., Chartered Accountants, were appointed the Branch Auditors for the Financial Year 2007-2008. It is proposed to re-appoint M/s. N. C. Dhadha & Co., Chartered Accountants as Branch Auditors for the Jaipur - Rajasthan, Agra - U.P and Dhule - Maharashtra Offices and Units for the Financial Year 2008-2009.

The Shareholders' approval is, therefore, sought for the appointment of M/s. N. C. Dhadha & Co., Chartered Accountants as Branch Auditors of the Company's Branch Offices and Units at Jaipur - Rajasthan, Agra - U.P and Dhule - Maharashtra for the Financial Year 2008-2009 and to authorize the Audit Committee of the Board of Directors to determine the remuneration payable in consultation with them.

The Board of Directors recommends the Resolution for acceptance by the Members.

None of the Directors is concerned or interested in this Resolution.

Registered Office :

56, Netaji Subhas Road
Kolkata - 700 001

Dated : 1st August, 2008

By Order of the Board

J. Biswas

Company Secretary

RTS POWER CORPORATION LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting their 60th Annual Report on the business and operations of your Company and the audited Statement of Accounts of your Company for the year ended 31st March, 2008.

Financial Results

(Rs. in Lacs)

	2007-2008	2006-2007
Total Income	10261.93	7329.23
Profit/Loss after Depreciation	340.27	410.74
Less : - Provision for Current Tax	120.00	72.00
- Deferred Tax	(0.16)	64.25
- Fringe Benefit Tax	4.58	4.28
- Income Tax for Earlier Year	(1.23)	0.48
Profit after Tax	217.08	269.73
Add : Profit brought forward	486.41	276.62
	703.49	546.35
Less : - Interim Dividend	35.94	25.94
- Corporate Dividend Tax on Interim Dividend	6.11	3.64
- Proposed Dividend (Final)	35.94	25.94
- Corporate Dividend Tax on Final Dividend	6.11	4.41
Balance Carried to the Balance Sheet	619.39	486.42

Dividend

Keeping in mind the overall performance of the Company and with positive future outlook, the Board is pleased to recommend payment of Final Dividend for the year ended 31st March, 2008 @ 5% or Re. 0.50 per share on the paid-up Equity Share Capital as on that date, which, if approved at the forthcoming Annual General Meeting, will be paid to those Shareholders whose names appear on the Register of Members of the Company, or, appear as beneficial owners as per particulars to be furnished by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited, at the close of business on 1st September, 2008. The Dividend will be Tax-free in the hands of the Shareholders, but shall be subject to Tax thereon payable by the Company.

It may be recalled that the Board already recommended an Interim Dividend for the year ended 31st March, 2008 @ 5% or Re. 0.50 per share on the paid-up Equity Share Capital as on that date, and thus the total Dividend Payout for the Financial Year 2007/2008 will be @ 10%, i.e. Re. 1/- per Share of Rs. 10/- each fully paid up.

Operational Review

The Turnover of your Company showed significant improvement during the year. The Turnover during the year was Rs. 110.71 Crores against Rs. 77.31 Crores during the Previous Year. This is an improvement by 43.20% amidst keen competition. The demand of the Transformers showed an increasing trend.

The consolidation and cost cutting measures have enabled your Company to achieve this year the Profit Before Tax (PBT) of Rs. 340.27 Lacs, which is less than the previous year's Profit Before Tax of Rs. 410.74 Lacs. PBT of this year would have been at least Rs. 750.48 Lacs had not a sum of Rs. 410.21 Lacs claimed by a State Electricity Board on account of rate difference for Transformers

RTS POWER CORPORATION LIMITED

supplied by the Company been provided in this year's Accounts and in that case the increase in PBT this year would have been at least about 83% over last year instead of decrease in Profit.

Continuous abnormal price hike of the major raw materials both in India and abroad have caused hardship to your Company's activities to some extent. Your Company could perform well despite all such odds.

Production of Wound Core Type Single Phase Transformers started at your Company's main Factory at Jaipur has since stabilized and Orders are being executed. Operations at your Company's newly installed Cable and Conductor Plant have picked up quite well. Cable Conductor sale has increased from Rs. 68,10,731/- in last year to Rs. 16,54,53,328/- in this year representing an increase of about 24 times. The Company has also developed Dry Type Transformer at its Salkia Factory.

Future Outlook

Year 2008-2009 appears to be a year full of growth potential as far as the business from Power Utilities - both Government and Private, Power Projects and Industrial Users are concerned. The increasing requirement of High Voltage Sub Stations provides a good opportunity for the growth of your Company. The Government of India's ambitious plan of electrifying each and every village in rural areas will boost the demand of Distribution Transformers.

Your Company's Cable and Conductor Unit is now fully operational. It will also boost the Turnover of your Company. The production of Wound Core Type Transformers has stabilized and the Company is receiving regular Orders. The Company's own new Factory at Dhulagarh to manufacture Power Transformers up to 25MVA and Dry Type Transformers will be operational this year, where existing operations of your Company's rented Salkia Factory will be shifted. With this state of art Factory your Company will also be a leading player in the Eastern Sector.

Preferential Issue of Shares

As reported last year, your Company made Preferential Issue of Equity Shares in terms of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and offered for subscription by way of preferential allotment 20,00,000 Warrants on 24th October, 2006, to a Promoter and two Independent Investors with the condition that each Warrant would be converted into one fully paid Equity Share of Rs. 10/- each at a price of Rs. 96/- per Share. In terms of the said Issue, an amount equal to 10% of the said price was paid by the Warrantheolders at the time of allotment of the said Warrants. The option to acquire the Equity Shares arising out of conversion of the Warrants was to be exercised by 23rd April, 2008 by the Warrant holders. Accordingly, all the three holders of 20,00,000 Warrants exercised their respective options for conversion of Warrants into Equity Shares by making full balance payment of Rs. 17,28,00,000 (Rupees Seventeen crore twenty eight lacs) in total representing 90% of the Share money and Premium due thereon.

The Board of Directors has allotted 20,00,000 Equity Shares of Rs. 10/- each fully paid-up at a price of Rs. 96/- per Share to the Warrantheolders in its Meeting held on 24th March, 2008.

The Company applied to Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE) for listing approval of the abovesaid fresh 20,00,000 Equity Shares issued by the Company for dealing in the Exchanges and BSE has already granted In principle listing approval, pending grant of final approval in this regard subject to the Company's compliance of certain other formalities. The Company has also informed Central Depository Services (India) Limited and National Securities Depository Limited about allotment of such 20,00,000 fresh Equity Shares on conversion of Warrants and both of them have confirmed that such shares have been admitted for dematerialization under the Company's existing ISIN Number. The Company has since applied to BSE for granting its final listing approval after compliance of the stipulated other formalities and is awaiting such final listing approval from them.

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Corporate Governance

A separate Report on Corporate Governance in format as prescribed in the Listing Agreement forms a part of the Annual Report of your Company and is being attached hereto, along with the Auditors' Certificate on its compliance. A report on Management Discussion and Analysis is also attached herewith.

Public Deposits

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

Particulars of Employees

There is no employee whose particulars are to be given pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Energy Conservation, Technology Absorption & Foreign Exchange Earnings and Outgo

The monitoring and control of consumption of sources of energy like power, oil etc., continued to be a priority area of your Company. Energy conservation procedures also form an important part of your Company's operational practices.

Your Directors have nothing to report in the matter of Technology absorption.

Your Company has no export business and Foreign Exchange earnings this year. The Foreign Exchange outgo during this year was as follows :

1. Value of Imports calculated on CIF basis

- Raw Materials	Rs. 273.08 Lacs
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2. Expenditure in Foreign Currency

- Bank Charges	Rs. 2,50,331.00
- Foreign Travelling	Rs. 1,30,731.00

Listing

Your Company's Shares continue to be listed on Calcutta and Bombay Stock Exchanges. Annual Listing Fees of both Bombay Stock Exchange and Calcutta Stock Exchange have been paid upto the year 2008-2009.

Directors

Sri Rajendra Bhutoria, Vice Chairman and Wholetime Director of the Company will retire by rotation and being eligible, offers himself for re-appointment.

Directors Responsibility Statement

Your Directors confirm that :

1. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. the Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for that period.
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the Directors have prepared the Annual Accounts on a going concern basis.
5. the Managing Director has furnished the necessary certification to the Board on these Financial Statements as required under the revised Clause 49 of the Listing Agreements with the Stock Exchanges where the Equity Shares of the Company are Listed.

RTS POWER CORPORATION LIMITED |||||

Auditors & Auditors' Report

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

Notes on the Accounts are self explanatory and hence require no further explanation by the Directors on the observations made by the Auditors in their Report.

Branch Auditor

Your Company has Branch Offices and Units at Jaipur - Rajasthan, Agra - U.P. and Dhule - Maharashtra. M/s. N. C. Dhadha & Co., Chartered Accountants, were appointed the Branch Auditors for the Financial Year 2007-2008. It is proposed to re-appoint M/s. N. C. Dhadha & Co., Chartered Accountants, as Branch Auditors for the Jaipur, Agra and Dhule Offices and Units for the Financial Year 2008-2009 at a remuneration to be fixed by the Audit Committee of the Board of Directors in consultation with them.

Appreciation

Your Directors take this opportunity to express their whole-hearted appreciation for the unstinted support and co-operation received from Banks, State Electricity Boards, Government and Semi Government Authorities, Power Utilities, other customers and Shareholders during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the devoted services that the Executives, Staffs and Workers at all levels have rendered to your Company.

Registered office :

56, Netaji Subhas Road

Place : Kolkata - 700 001

Dated : 1st August, 2008

For and on behalf of the Board of Directors**S. S. Jain**
Chairman