



THE POWER OF INDUSTRY

VOLTAMP TRANSFORMERS LIMITED

45th Annual Report 2011-2012

VOLTAMP TRANSFORMERS LIMITED

BOARD OF DIRECTORS

Shri Lalitkumar H. Patel
Shri Kunjal L. Patel
Shri Kanubhai S. Patel
Shri Kewalkrishna G. Tuli
Shri Vasantlal L. Patel
Shri Jagannath S. Aiyar
Shri Arvind N. Shelat
Shri Vallabh N. Madhani

Chairman
Vice Chairman & Managing Director
CEO & Managing Director
Director
Director
Director
Director
Director

BANKERS:

1) ICICI BANK LTD.

Land Mark Building,
Race Course Circle,
Vadodara – 390007,
Gujarat

2) AXIS BANK LTD.

Vardhman Complex,
Opp. GEB Office,
Race Course Circle,
Vadodara – 390007,
Gujarat

3) BANK OF BARODA

Sayajigunj Branch,
Vadodara - 390005,
Gujarat

DIRECTOR & COMPANY SECRETARY :

Shri Vallabh N. Madhani

AUDITORS:

M/S. CHANDULAL M. SHAH & CO.

Chartered Accountants
601, Samruddhi, Opp. Sakar III,
Sattar Taluka Society,
Ahmedabad - 380014, Gujarat

REGISTRAR & SHARE TRANSFER AGENTS:

LINK INTIME INDIA PVT. LTD.

B- 102 & 103, Shangrila Complex,
First Floor, Opp. HDFC Bank,
Near Radhakrishna Char Rasta,
Vadodara – 390020, Gujarat

REGISTERED OFFICE :

Makarpura, Vadodara – 390 014, Gujarat

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NOTICE

Notice is hereby given to the Members of VOLTAMP TRANSFORMERS LIMITED, that the 45th Annual General Meeting of the Members of the Company will be held at Auditorium of the VANIJYA BHAVAN, Central Gujarat Chamber of Commerce & Industries, Race Course Circle, Vadodara –390007, on Tuesday, 14th August, 2012 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS:

- 1) To receive and adopt the Audited Statement of Profit and Loss for the Financial Year ended 31st March, 2012, the Balance Sheet as on that date, the Directors' and the Auditors' Reports thereon.
- 2) To declare dividend on equity shares.
- 3) To appoint a Director in place of Shri Kewalkrishna G. Tuli, who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Shri Lalitkumar H. Patel, who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration. The retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and pursuant to recommendation of the Remuneration Committee and approval of the Board of Directors, at their respective meetings, both held on 13.02.2012 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be necessary, the consent of the Company be accorded to the reappointment of Shri Kunjal L. Patel as a Vice Chairman and Managing Director of the Company for further period of five years with effect from 15.03.2012 on the terms and conditions and remuneration and perquisites payable as under :

A) Consolidated Salary :

Consolidated salary of ` 6,75,000/- p.m. in the scale of ` 6,75,000/- - 50,000/- - 8,75,000/- p.m.

B) Commission :

At the rate of 1% (one percent) of net profits (profit before tax) of the Company.

C) Perquisites :

(a):

(i) Medical Benefits :

Full reimbursement of all the expenses (including for Hospitalization) actually incurred for self and family including premium on medical insurance.

(ii) Leave Encashment :

As per the Rules of the Company with full pay and allowances. Unavailed leaves can be encashed at the end of tenure. Encashment of leave at the end of the tenure will not be included in the computation of ceiling of perquisites.

(iii) Leave Travel Allowance :

As per the Rules of the Company.

(iv) Personal Accident Insurance :

As per the Rules of the Company.

(v) Bonus :

As per the Rules of the Company.

- (b)** The Company shall contribute to Provident Fund to the extent not taxable under the Income Tax Act and contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. The Gratuity payable should not exceed one month's salary for each completed year of total services rendered in the Group.

(c) Reimbursement of Entertainment Expenses:

The Managing Director shall also be entitled to reimbursement of reasonable expenses actually and properly incurred during the course of business of the Company, subject to maximum ceiling of ₹ 10,000/- p.m.

(d) Car & Telephone :

The Company shall provide a Car for use of Company's business and telephone at the residence and also provide mobile, internet and other communication facilities at his residence.

If the Company has no profits or the profits are inadequate in any financial year, the Managing Director shall be entitled to receive the above remuneration and perquisites as minimum remuneration."

"RESOLVED FURTHER THAT the term of office of Shri Kunjal L. Patel as a Managing Director of the Company shall not be subject to retirement by rotation."

"RESOLVED FURTHER THAT the Board of Directors ("the Board" which term shall be deemed to mean and include any Committee constituted by the Board) be and is hereby authorized to take such steps and do such acts, deeds and things as may be necessary or desirable to give effects to this Resolution or incidental thereto."

FOR AND ON BEHALF OF THE BOARD

Place : Vadodara
Date : 21st May, 2012

V. N. MADHANI
DIRECTOR & COMPANY SECRETARY

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. DULY EXECUTED PROXIES MUST BE REGISTERED WITH THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULE TIME OF THE MEETING.
- 2) Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries in writing to the Company Secretary at least seven days in advance of the Meeting so that the information required can be made readily available at the Meeting.
- 3) Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.

- 4) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting.
- 5) In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
- 6) Register of Members and Share Transfer Books will remain closed from Wednesday, 1st August, 2012 to Tuesday, 14th August, 2012 (Both days inclusive).
- 7) The dividend as recommended by the Board, if sanctioned at the Meeting, will be paid to those Members or their mandatees whose names appear in the Register of Members on Tuesday, 14th August, 2012, for those holding shares in physical form. In respect of the shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per the details furnished by the Depositories for this purposes at the end of business hours on Tuesday, 31st July, 2012.
- 8) Corporate Members intending to send their authorized representative to attend the Meeting are requested to send the certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 9) As required under Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, the relevant details of persons seeking appointment / reappointment as Directors are furnished in the Corporate Governance Report.
- 10) The Company has implemented the "Green Initiative" as per the 'Go Green Initiative' letter sent with the last Annual Report for the year 2010-11, pursuant to Circular Nos. 17/2011 & 18/2011 dated April 21, 2011 & April 29, 2011 respectively issued by the Ministry of Corporate Affairs (MCA), to enable electronic delivery of Notices/Documents and Annual Reports to Shareholders. Henceforth, the e-mail addresses indicated in your respective Depository Participant (DP) Accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered e-mail address for serving Notices/Documents including those covered under Section 219 of the Companies Act, 1956. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participant and in respect of shares held in physical form, shareholders can register their e-mail address with the Company at **vnm_ipo@voltamptransformers.com** mentioning their name(s) and folio number or send the details to the Company's Registrars and Transfer Agent, Link Intime India Private Limited.

EXPLANATORY STATEMENT TO ITEM NO.6 PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

Shri Kunjal L. Patel has been associated with the Company since 1994. He has degree in Electrical Engineering from the M. S. University of Vadodara, Gujarat. He has 16 years of experience in production, marketing and general management of the Company. He is in charge of general management comprising of purchase and planning, technical aspects of quality control, manufacturing & design aspects of transformers.

Shri Kunjal L. Patel was appointed as an Additional Director of the Company on 4th June, 1994. In view of his long association with the Company, he was promoted and re-designated as a permanent Vice Chairman of the Company on 04.09.2001. Thereafter, he was promoted and re-designated as a Vice Chairman & Joint Managing Director of the Company for a period of five (5) years from 15.03.2002 to 14.03.2007. Thereafter, he was re-appointed as a Vice Chairman & Managing Director for a further period of five (5) years from 15.03.2007 to 14.03.2012.

Looking to his total involvement and contribution in the growth of the Company, and in recognition of the valuable services rendered by him, it will be in the interest of the Company to re-appoint him as Managing Director for a further period of five years, i.e. from 15.03.2012 to 14.03.2017.

In recognition of his contribution and as recommended by the Remuneration Committee at their meeting held on 13.02.2012, he has been re-appointed as a Vice Chairman & Managing Director, by the Board of Directors at their meeting held on 13.02.2012, subject to the approval of the Shareholders of the Company at this Annual General Meeting, for a further period of five (5) years, i.e. from 15.03.2012 to 14.03.2017.

The Board recommends the above resolution for your approval.

The terms and conditions, including remuneration payable to Shri Kunjal L. Patel are contained in the resolution at item no. 6 of the accompanying Notice. An abstract in respect of this item has already been circulated separately to all the shareholders within the prescribed time.

Except, Shri Kunjal Patel, himself and Shri Lalitkumar H. Patel, being relative of Shri Kunjal L. Patel, none of the Directors of the Company are interested in the above resolution.

FOR AND ON BEHALF OF THE BOARD

Place : Vadodara
Date : 21st May, 2012

V. N. MADHANI
DIRECTOR & COMPANY SECRETARY

DIRECTORS' REPORT

To,

The Members

VOLTAMP TRANSFORMERS LIMITED

Makarpura, Vadodara – 390014, Gujarat

Your Directors have pleasure in presenting the 45th Annual Report and Accounts for the Financial Year ended 31st March, 2012.

WORKING RESULTS:

(` in Thousand)

PARTICULARS	2011-2012	2010-2011
Sales & Services Income	56,98,051	53,53,394
Profit before Financial Charges and Depreciation	5,71,777	8,48,906
Financial Charges	4,774	5,950
Depreciation	82,694	74,962
Profit before Taxation	4,84,309	767,994
Provisions for Taxation : Current Tax	1,52,000	245,000
Deferred Tax	(452)	5,185
Net Profit for the year	3,32,761	517,809
Add: Previous years' surplus	1,34,650	123,019
Profits available for appropriation:	4,67,411	640,828
Appropriation therefrom:		
A. Proposed Dividend	1,01,171	91,054
B. Dividend Tax on above	16,412	15,124
C. General Reserve	2,50,000	4,00,000
D. Surplus	99,828	134,650
	4,67,411	640,828

DIVIDEND:

The Directors recommend payment of dividend of ` 10/- per equity share of ` 10/- each (i.e. 100%) on 10117120 equity shares for the year ended March 31, 2012.

PERFORMANCE REVIEW:

In the competitive market, the Company was able to achieve Sales and Other Income, in monetary terms for the year to ` 585 crores as compared to ` 554 crores in the previous year. The sales in terms of volume remained almost same and stood at 8991 MVA as compared to 8973 MVA in the previous year. However, the Profit Before Tax (PBT) was reduced to ` 48 crores as compared to ` 77 crores in the previous year and Profit After Tax (PAT) reduced to ` 33 crores as compared to ` 52 crores in the previous year. The profitability of the Company was adversely affected largely, due to intense price war amongst manufacturers in view of over capacity in the Industry and also on account of sharp increase in raw material prices on fixed price contracts. The Rupee depreciation against US Dollar has also adversely impacted further during the financial year. However, compared to its peers in industry, profitability of the Company is relatively better though it is on lower side compared to previous year.

The current year has begun with lower order backlog of ` 295 crores (4736 MVA). The enquiry level has been improved but decision making is very very slow and all the orders are booked on very very low margin, with attendant risk of uncertainty during its execution, in view of intense competition in market. Again, the Company is continuing to be very selective in taking orders as still the price realization remains very low. The present challenge is managing orders within the budgeted costs and high volatility in the prices of major raw materials.

Credit period extended to customers not getting honoured results into high level of receivables with resultant strain on cash flow. Barring unforeseen circumstances, the Company expects to increase its volume of business in the current year.

For detailed analysis of the performance, please refer to the management's discussion and analysis section of the annual report.

DISCLOSURE OF PARTICULARS:

The disclosure of particulars as required by Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure - I.

EMPLOYEES:

The industrial relations during the year under review have remained cordial and satisfactory. The Board thanks all the Employees for their valuable contribution to the working of the Company.

The statement under sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of this report is given in Annexure - II. The said Annexure – II shall, however, be provided to the Members on request to be made to the Company Secretary at the Registered Office of the Company.

CORPORATE GOVERNANCE:

In line with requirement of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance is given in Annexure - III.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis Report is given in Annexure - IV.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

The Directors confirm that:

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed by the Company.
- 2) Such accounting policies have been selected and consistently applied and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date.
- 3) Proper and sufficient care has been taken 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) Annual accounts have been prepared on a going-concern basis.

DIRECTORS:

Shri Kewalkrishna G. Tuli and Shri Lalitkumar H. Patel, Directors of the Company retire by rotation, and being eligible offer themselves for reappointment.

AUDITORS:

The present Auditors of the Company M/s. Chandulal M. Shah & Co. are retiring at the forthcoming Annual General Meeting of the Company and are eligible for reappointment.

APPRECIATION AND ACKNOWLEDGEMENT:

Your Directors wish to convey their thanks to all the Company's valued Customers, Bankers, Vendors, Business Associates, Government Authorities, and Shareholders for their continued support and confidence in the Company.

The Board also expresses its appreciation towards the contribution made by all the Employees of the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Vadodara
Date : 21st May, 2012

LALITKUMAR H. PATEL
CHAIRMAN

ANNEXURE - I TO THE DIRECTORS' REPORT

A] CONSERVATION OF ENERGY:

- [a] Energy conservation measures taken :
1. Closely monitoring use of heating ovens.
 2. Use of energy efficient lighting & modernization in distribution system.
 3. Systematic studies of power consumption to avoid unwanted energy losses.
 4. Close monitoring and control of Diesel / LDO consumption.
 5. Timers in AC Circuits, to bring down Energy Consumption.
 6. Creating awareness among all employees to conserve energy.
 7. Use of energy efficient motors.
- [b] Additional investments and proposal if any, being implemented for reduction of consumption of energy:
1. State of art latest vapour phase drying ovens imported from Hedrich Germany.
 2. Additional 80 T energy efficient crain installed.
- [c] Impact of the measures at [a] and [b] above for reduction of energy consumption and consequent impact on the cost of production of goods:
- The various measures taken by the Company have resulted in reduction in consumption of energy and efforts are going on to further reduce the consumption of energy and the consequent impact on the cost of production.
- [d] Total energy consumption and energy consumption per unit of production as per Form-A: Not Applicable.

B] TECHNOLOGY ABSORPTION:

Research and Development (R&D):

- [a] Specific areas in which R&D carried out by the Company:
1. Short Circuit Force / Stress Calculations
 2. In house developed foil winding machine.
- [b] Benefits derived as a result of the above R&D :
1. Transformer is able to withstand severe short circuit conditions without deformation, hence reliability is ensured.
 2. Foil wound windings are better in mechanical stability even during abnormal forces.
- [c] Further plan of action:
1. Continued emphasis on development of cost effective components and process and import substitution.
 2. Identification and narrowing down the gaps in the areas of product, process, manufacturing and information technologies.
 3. Wastage reduction.

Technology Absorption, Adaptation & Innovation:

- [a] Efforts, in brief, made towards technology absorption, adaptation and innovation :
1. Extensive training in technical and management fields with a special emphasis on Total Quality Management.
- [b] Benefits derived as a result of the above efforts : Improvement in product quality.
- [c] Technology imported during the last five years :
1. Installed most modern State-of-the-art lightning impulse testing system imported from HIGH VOLTS, GERMANY- 2010-2011.
 2. State of art latest vapour phase drying ovens imported from Hedrich Germany- 2010-2011.

C] FOREIGN EXCHANGE EARNINGS AND OUTGO:

- [a] Foreign Exchange used : ₹ 19,09,061/-
- [b] Foreign Exchange earned : ₹ 43,23,652/-

ANNEXURE - III TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance ensures best management practices, compliance of laws, rules, and regulations in the Company and also provides appropriate framework for the Board and its Committees, to achieve objectives of the Company for the benefit of the Company and its stakeholders. Since inception, our Company is committed to good Corporate Governance. Requirement of Clause 49 of the Listing Agreement with Stock Exchanges, Code of Conduct on Prevention of Insider Trading and also a Code of Conduct for Directors and Senior Management Personnel is fully complied by our Company.

2. BOARD MEETINGS AND BOARD OF DIRECTORS:

(A) In the Financial Year 2011-12 four Board Meetings were held on the following dates:

- | | |
|------------------------------------|------------------------------------|
| 1) 30 th May, 2011 | 2) 12 th August, 2011 |
| 3) 09 th November, 2011 | 4) 13 th February, 2012 |

(B) Composition / Category of Directors / Attendance at Meetings / Directorship & Committee Membership in other Companies as on 31st March, 2012:

Sr. No.	Name of Director	Category of Director	Attendance		No. of other Directorship	Membership of other Committees	
			At the Board Meetings	At the Last AGM		As Member	As Chairman
1.	Shri Lalitkumar H. Patel	Chairman	3	Yes	2	Nil	Nil
2.	Shri Kunjal L. Patel	Vice Chairman & Managing Director	4	Yes	3	1	Nil
3.	Shri Kanubhai S. Patel	CEO & Managing Director	4	Yes	Nil	2	Nil
4.	Shri Kewalkrishna G. Tuli	Director	4	Yes	1	1	1
5.	Shri Vasantlal L. Patel	Director	4	Yes	1	1	Nil
6.	Shri Jagannath S. Aiyar	Director	1	No	Nil	1	1
7.	Shri Arvind N. Shelat	Director	4	Yes	Nil	Nil	1
8.	Shri Vallabh N. Madhani	Director	4	Yes	Nil	Nil	Nil

3. AUDIT COMMITTEE:

(A) Composition, Name of Members, Chairperson, Meetings held during the year and Attendance at the Meetings:

(i) Composition:

- | | | |
|------------------------------|----------|--|
| 1. Shri Arvind N. Shelat | Chairman | Independent and Non Executive Director |
| 2. Shri Kewalkrishna G. Tuli | Member | Independent and Non Executive Director |
| 3. Shri Kanubhai S. Patel | Member | C.E.O & Managing Director |

(ii) Meetings and Attendance:

In the Financial Year 2011-12 four Audit Committee Meetings were held on the following dates:

- | | |
|------------------------------------|------------------------------------|
| 1) 30 th May, 2011 | 2) 12 th August, 2011 |
| 3) 09 th November, 2011 | 4) 13 th February, 2012 |

All members were present in all the above meetings.

(B) Terms of Reference:

The role of the Audit Committee shall include the followings:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.