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VOLTAMP TRANSFORMERS LIMITED

ANNUAL REPORT : 2006-2007

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VOLTAMP TRANSFORMERS LIMITED

BOARD OF DIRECTORS

Shri Lalitkumar H. Patel	**Executive Chairman**
Shri Kunjal L. Patel	**Vice Chairman & Managing Director**
Shri Kanubhai S. Patel	**C.E.O. & Managing Director**
Shri Kewalkrishna G. Tuli	**Director**
Shri Vasantlal L. Patel	**Director**
Shri Jagannath S. Aiyar	**Director**
Shri Arvind N. Shelat	**Director**

BANKERS:
BANK OF BARODA
Sayajigunj Branch
Vadodara : 390 005

COMPANY SECRETARY & DEPUTY GENERAL MANAGER (COMMERCIAL)
Shri V. N. Madhani

AUDITORS:
M/S. CHANDULAL M. SHAH & CO.
Chartered Accountants
601, "Samruddhi", Opp : Sakar III,
Sattar Taluka Society,
Ahmedabad : 380 014

REGISTRAR & SHARE TRANSFER AGENTS
INTIME SPECTRUM REGISTRY LIMITED
308, 1st floor, Jaldhara Complex,
Opp. Manisha Society,
Vasna Road,
Vadodara - 390 015

REGISTERED OFFICE & WORKS
Makarpura
Vadodara : 390 014
GUJARAT

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NOTICE

Notice is hereby given to the Members of VOLTAMP TRANSFORMERS LIMITED that the 40th 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 – 390 007, on Friday, 14th September, 2007 at 10:00 A.M., to transact the following business:

ORDINARY BUSINESS:

1] To receive and adopt the Audited Profit and Loss Account for the Financial Year ended 31st March, 2007 and Balance Sheet as on that date and Directors' Report and Auditors' Report 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 Vasantlal L. 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 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals, if any, as may be necessary, consent of the members be and is hereby accorded to the reappointment and redesignation of Shri Kunjal L. Patel as a Vice Chairman & Managing Director of the Company for further period of five years with effect from 15th March, 2007 on a terms and conditions and remuneration and perquisites payable as under :

A)	Salary		:	Rs. 2,40,000/- per month, in the Scale of Rs.2,40,000-30,000-3,60,000/-
B)	Commission		:	At the rate of 1(One Percent) of pre tax profits of the Company
C)	Perquisites		:	
a]	i)	House Rent Allowance	:	Equal to 25% of salary per month.
	ii)	Medical	:	Full reimbursement of all the medical expenses (including for Hospitalization) actually incurred for self and family.
	iii)	Leave	:	As per the Rules of the Company with full pay and allowance. 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.
	iv)	Leave Travel Allowance	:	As per the Rules of the Company.
	v)	Personal Accident Insurance	:	As per the Rules of the Company.
	vi)	Bonus	:	As per the Company Policy.

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 Vice Chairman & 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 Rs.7500/- per month.

d] **CAR & TELEPHONE :**

The Company shall provide a Car for use of Company's business and telephone at the residence.

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RESOLVED FURTHER THAT pursuant to provisions of section 10(10CC) of the Income Tax Act. 1961, as amended by the Finance Act, 2002, Income Tax Rule, 2001 (22nd Amendment) and other applicable provisions, if any, of the Income Tax Act, 1961 and Income Tax Rules, as amended from time to time, and subject to such approvals / permissions as may be required, if any, the consent of the Company be and is hereby accorded to discharge the income tax liability (ies), by the Company, on all perquisites (other than by way of monetary payment) of Shri Kunjal L. Patel.

RESOLVED FURTHER THAT Income Tax on such perquisites shall be paid by the Company even in case of absence or inadequacy of profits in any financial year, and such payment together with other remuneration (salary and all perquisites), shall be treated as minimum remuneration payable to him.

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

RESOLVED FURTHER THAT the Board of the 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 as may be necessary to give effect to this Resolution".

For and on behalf of the Board

V.N.MADHANI
COMPANY SECRETARY &
DEPUTY GENERAL MANAGER
(COMMERCIAL)

Place : Vadodara
Date : 30th July, 2007

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] Shareholders 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 atleast seven days in advance of the meeting so that the information required can be made readily available at the meeting.

3] An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at the Meeting is annexed hereto.

4] Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.

5] 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.

6] In case of joint holders attending the meeting, only such joint holders who are higher in order of names will be entitled to vote.

7] Register of Members and Share Transfer Books will remain closed from Wednesday, 05th September, 2007 to Friday, 14th September, 2007 (Both days inclusive).

8] The dividend as recommend 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 14th September, 2007, 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 04th September, 2007.

9] 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.

10] 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.

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

ITEM NO. 6 :

Shri Kunjal L. Patel has a degree in Electrical Engineering from the M.S.University of Vadodara, Gujarat. He has 12 years of experience in production, marketing and general management comprising of purchase and planning, technical aspects of quality control, manufacturing & design aspects of transformers.

During his tenure as Vice Chairman & Joint Managing Director he has taken very keen interest in the growth of the Company and he has taken initiatives to gear up factory based operations to handle larger volumes.

The earlier tenure of five years for the appointment and payment of remuneration to Shri Kunjal L. Patel as a Vice Chairman & Joint Managing Director of the Company was upto 14-03-2007. As recommended by Remuneration Committee at their meeting held on 31st January 2007 and in recognition of services rendered by Shri Kunjal L. Patel, the Board of Directors of Voltamp Transformers Limited (hereinafter referred as the "Board") at its meeting held on 31st January, 2007, subject to the approval of Members, reappointed and re-designated Shri Kunjal L. Patel as a Vice Chairman and Managing Director of tne Company for the period of five years commencing from 15th March, 2007 to 14th March, 2012.

Looking to his contribution in the growth and working of the Company and his truly dedicated efforts through out his tenure as Vice Chairman & Joint Managing Director, it is in the interest of the Company to re-appoint and re-designate him as a Vice Chairman & Managing Director of the Company for further period of five years.

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 L. Patel himself and Shri Lalitkumar H. Patel being relative of Shri Kunjal L. Patel, no other Directors of the Company are interested in the above resolution.

For and on behalf of the Board

V.N.MADHANI
COMPANY SECRETARY &
DEPUTY GENERAL MANAGER
(COMMERCIAL)

Place : Vadodara
Date : 30th July, 2007

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DIRECTORS' REPORT

To :
The Members
VOLTAMP TRANSFORMERS LIMITED
Makarpura, VADODARA – 390 014.

Your Directors have pleasure in presenting the 40th Annual Report and Accounts for the year ended 31st March, 2007.

WORKING RESULTS :

	(Rupees in Thousands)	
	2006-2007	**2005-2006**
Sales & Services Income	4,057,975	2,487,930
Profit before Financial charges and Depreciation	662,194	382,207
Financial Charges	12,580	10,082
Depreciation	21,728	19,183
Profit before Taxation	627,886	352,942
Provisions for Taxation : Current Tax	240,000	125,000
: Differed Tax	(8,488)	(2,291)
: Fringe Benefit Tax	2,723	2,000
Net Profit after Provision for Taxation	393,651	228,233
Add : Excess Income Tax Provision of earlier year	1,960	1,995
Net Profit for the year	**395,611**	**230,228**
Add: Previous Year's Surplus	86,498	62,038
Profits available for appropriation	**482,109**	**292,266**
Appropriation therefrom		
A. Proposed Dividend	80,937	5,059
B. Dividend Tax on above	13,755	709
C. General Reserve	243,389	200,000
D. Surplus Carried to Balance Sheet	144,028	86,498
	482,109	**292,266**

DIVIDEND :

The Directors recommend payment of dividend of Rs. 8 per share on 10117120 equity shares of Rs. 10 each for the year ended March 31, 2007.

COMPANY PERFORMANCE :

The Directors report with pleasure that financial year 2006-07 has been the best year in the history of the Company. The Company has achieved all time high Sales of Rs. 405.79 crores as against Rs.248.79 crores in the previous year. Well established marketing network, customers' confidence enjoyed due to product quality, after sales services, tight cost control measures and aggressive marketing efforts helped the Company to perform better.

The current year has been started with order backlog of Rs.323.23 crores. The present order book position of the Company is very satisfactory. Your Directors expect that the current year will end with improved sales volume, and barring unforeseen circumstances, the better profitability. The present challenge is managing orders within the budgeted costs.

The Company is increasing its installed capacity in the higher rating power transformer facility within the existing range, to prepare it to meet with the increased demand of the Company's products.

DISCLOSURE OF PARTICULARS :

The disclosure of Particulars as required by Section 217 (1) (e) read with Disclosure of particulars in Board of Directors' Report Rules is enclosed as Annexure - I.

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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 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 annexed herein as Annexure - III.

MANAGEMENT DISCUSSION AND ANALYSIS :

Management Discussion and Analysis Report is annexed herewith, as 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, 2007 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 Vasantlal L. Patel, Directors of the Company retire by rotation, but being eligible offer themselves for reappointment.

LISTING :

Shares of your Company were listed with The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited w.e.f. 20-09-2007.

AUDITORS :

The present Auditors of the Company M/s. Chandulal M. Shah & Co., retire at the forthcoming Annual General Meeting of the Company and are eligible for reappointment. The Members are requested to appoint Auditors for the Current Year and to fix their remuneration.

ACKNOWLEDGEMENT :

Your Directors wish to convey their thanks to all the customers, Company's Bankers, associates, vendors and other business partners for their continued support to the Company.

Your Directors express their appreciation for the support given and contribution made by the employees at all levels to the successful operation of the Company during the year under review.

For and on behalf of the Board

Place : Vadodara
Date : 30th July, 2007

K. L. PATEL
VICE CHAIRMAN & MANAGING DIRECTOR

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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. Power factor improvement by proper utilization of capacitors.
5. Close monitoring and control of Diesel / LDO consumption.
6. Timers in AC Circuits, to bring down energy consumption.
7. Awareness among all employees to conserve energy.
8. Replace old compressor with energy efficient compressor.
9. Use of energy efficient motors.

[b] Additional investments and proposal if any, being implemented for reduction of consumption of energy.

The Company has invested in equipment and had availed of expertise in energy conservation to implement measures for conservation of energy, in a planned and phased manner, replacing ordinary motors with ENERGY EFFICIENT MOTORS.

[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 (improvements) carried out by the Company :

[a1] Oil Filled Transformers.

(i) Not providing PRV on OLTC as a possible cause of transformer failure.

(ii) Short Circuit Force / Stress Calculations.

(iii) Criteria for parameter selection for Rectifier Transformers.

[a2] Dry Type Transformers

(i) Partial Discharge measurement – shield chamber is being made.

[b] Benefits derived as a result of the above R&D (improvements) :

a1) (i) OLTC suppliers recommend providing a PRV on it. Some transformer failures point towards that. It may prevent failures.

(ii) When calculations suggest large forces / stresses, alternative arrangements can be used.

(iii) Can help customer in better selection.

a2) (i) Is considered an important test by many customers.

[c] Further plan of action :

1. Continued emphasis on development of cost effective components and process and import substitution.
2. Identification and narrowing of 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.

1. Improvement in product quality.

[c] Technology imported during the last five years.

The Company has executed Foreign Collaboration Agreement on 22.12.2001 with ***M/S.HOCHSPANNUNGSTECHNIK UND TRANSFORMATORBAU GMBH,*** **(HTT), Germany** for manufacture of Cast Resin Impregnated Transformers.

C] FOREGN EXCHANGE EARNINGS AND OUTGO :

		Amount Rs.
a)	Foreign Exchange used	139,700,250
b)	Foreign Exchange earned	18,353,848

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ANNEXURE - III TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT :

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company is committed to good Corporate Governance. The mandatory requirement of clause 49 of the Listing Agreement with the Stock Exchanges have been fully complied by your Company. The Company firmly believes in the rights of its Stakeholders to information regarding the Company's business and its financial performance. The basic philosophy of Corporate Governance in the Company is to achieve business excellence. Corporate Governance provides transparency and fairness, accountability and responsibility, disclosures and compliances in all dealings of the Company. The Company provides detailed information on various issues concerning the Company's business and financial performance, to its stakeholders.

2. BOARD MEETINGS AND BOARD OF DIRECTORS :

(A) In the Financial Year 2006-07, Nine [9] Board Meetings were held on the following dates :

1. 10th April, 2006
2. 05th June, 2006
3. 05th July, 2006
4. 10th August, 2006
5. 30th August, 2006
6. 05th September, 2006
7. 12th September, 2006
8. 31st October, 2006
9. 31st January, 2007

(B) Composition / Category of Directors / Attendance at Meetings / Directorship & Committee Membership in other Companies as on March 31, 2007.

Sr. Nos	Name	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	Executive Chairman	9	YES	3	-	NIL
2.	Shri Kunjal L. Patel	Vice Chairman & Managing Director	9	YES	4	1	NIL
3.	Shri Kanubhai S. Patel	C.E.O. & Managing Director	8	YES	1	2	NIL
4.	Shri Kewalkrishna G. Tuli	Director	7	NO	1	1	1
5.	Shri Vasantlal L. Patel	Director	9	NO	1	1	NIL
6.	Shri Jagannath S. Aiyar	Director	1	NO	NIL	1	1
7.	Shri Arvind N. Shelat	Director	8	NO	NIL	NIL	1

3. AUDIT COMMITTEE :

(A) Terms of Reference :

The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

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4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;

   b. Changes, if any, in accounting policies and practices and reasons for the same;

   c. Major accounting entries involving estimates based on the exercise of judgment by management;

   d. Significant adjustments made in the financial statements arising out of audit findings;

   e. Compliance with listing and other legal requirements relating to financial statements;

   f. Disclosure of any related party transactions;

   g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

6 Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function.

8. Discussion with internal auditors any significant findings and follow up thereon.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

    In addition, the committee has discharged such other role / functions as envisaged under Clause 49 of the Listing Agreement of the Stock Exchange and the provisions of the Section 292A of the Companies Act, 1956.

(B) 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 2006-07, four (4) Audit Committee Meetings were held on the following dates:

(i) 05th June, 2006
(ii) 05th July, 2006
(iii) 31st October, 2006
(iv) 31st January, 2007

All members were present in all the above four (4) meetings.

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