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VOLTAMP TRANSFORMERS LIMITED

ANNUAL REPORT : 2007-2008

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
Shri Vallabh N. Madhani	Director (w.e.f. 08-05-2008)

BANKERS :

- 1) ICICI BANK LTD.
Race Course Circle,
Vadodara - 390 007

AUDITORS :

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

- 2) BANK OF BARODA

Sayajigunj Branch,
Vadodara - 390 005.

**COMPANY SECRETARY &
GENERAL MANAGER (COMMERCIAL)**

Shri V. N. Madhani

REGISTRAR & SHARE TRANSFER AGENTS :

INTIME SPECTRUM REGISTRY LIMITED
308, 1st floor, Jaldhara Complex,
Opp. Manisha Society,
Vasana Road, Vadodara - 390 015

REGISTERED OFFICE & WORKS :

Makarpura
Vadodara - 390 014
GUJARAT

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41ST ANNUAL REPORT 2007-08**NOTICE**

Notice is hereby given to the Members of VOLTAMP TRANSFORMERS LIMITED, that the 41st 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, 08th August, 2008, 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, 2008 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 Jagannath S. Aiyar, who retires by rotation and being eligible offers himself for reappointment.
- 4] To appoint a Director in place of Shri Arvind N. Shelat, 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(s), the following resolution as an Ordinary Resolution :
"RESOLVED THAT Shri V. N. Madhani be and is hereby appointed as a Director of the Company, liable to retire by rotation".

For and on behalf of the Board

V.N.MADHANI

**COMPANY SECRETARY &
G.M. (COMMERCIAL)**

Place : Vadodara
Date : 8th May, 2008

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, 30th July, 2008 to Friday 08th August, 2008 (Both days inclusive).
- 8] 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 08th August, 2008, 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 purpose at the end of business hours on 29th July, 2008.
- 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.



VOLTAMP TRANSFORMERS LIMITED

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

ITEM NO. 6:

Shri Vallabh N. Madhani, Company Secretary & General Manager (Commercial), 47 years, is a B.Com; LL.B. (Special); D.T.P. and A.C.S. He has over 19 years experience in the field of Company Law matters, Banking & Finance, Fund Management, Legal Compliance, Insurance, etc. He has been working with the Company since 1997.

Shri Vallabh N. Madhani was appointed as an Additional Director of the Company by Board of Directors at their meeting held on 08th May, 2008. He shall hold office up to the date of ensuing Annual General Meeting of the Company. Notices in writing under section 257 of the Companies Act, 1956, have been received from some of the shareholders signifying their intension to propose his appointment as a Director of the Company.

The Board recommends the above resolution for your approval.

None of the Directors of the Company, except Shri Vallabh N. Madhani, in so far as the resolution relates to him individually, is concerned or interested in the proposed resolution.

For and on behalf of the Board

Place : Vadodara
Date : 8th May, 2008

V.N.MADHANI
COMPANY SECRETARY &
G.M. (COMMERCIAL)

41ST ANNUAL REPORT 2007-08**DIRECTORS' REPORT**

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

Your Directors have pleasure in presenting the 41st Annual Report and Accounts for the Financial Year ended 31st March, 2008.

WORKING RESULTS:

	(Rupees in Thousand)	
	2007-2008	2006-2007
Sales & Services Income	5,553,460	4,057,975
<i>Profit before Financial Charges and Depreciation</i>	1,286,175	662,194
Financial Charges	5,037	12,580
Depreciation	31,331	21,728
Profit before Taxation	1,249,807	627,886
Provisions for Taxation : Current Tax	440,000	240,000
: Differed Tax	7,365	(8488)
: Fringe Benefit Tax	3,400	2,723
Net Profit after Provision for Taxation	799,042	393,651
Add : Excess Income Tax Provision of earlier year	Nil	1,960
Net Profit for the year	799,042	395,611
Add: Previous Years' Surplus	144,028	86,498
Profits available for appropriation	943,070	482,109
Appropriation therefrom		
A. Proposed Dividend	126,464	80,937
B. Dividend Tax on above	21,493	13,755
C. General Reserve	650,000	243,389
D. Surplus Carried to Balance Sheet	145,113	144,028
	943,070	482,109

DIVIDEND:

The Directors recommend payment of dividend of Rs.12.50 /- per share on 10117120 equity shares of Rs. 10 each for the year ended March 31st, 2008.

OPERATIONS:

The Directors report with great satisfaction that the Company reported excellent results for the year ended 31st March, 2008. The Company has achieved all time high sales of Rs. 555.35 crores against Rs. 405.79 crores in the previous year, recording a growth of 36.86 %. Profit before tax (PBT) grew significantly by Rs 62.19 crores, from Rs. 62.79 crores to Rs. 124.98 cores, an increase of 99.04 %. The improvement in profit was mainly attributable to volume growth, operational efficiency, higher productivity, good product mix and higher price realizations. Profit after tax (PAT) grew by Rs. 40.34 crores, from Rs. 39.56 crores to Rs. 79.90 crores, an increase of 101.97%.

The current year has been started with order backlog of Rs. 407.16 crores. The present order book position of the Company is satisfactory. Your Directors expect that the current year will end with improved sales volume. The present challenge is managing orders within the budgeted costs and high volatility in the prices of major raw materials like copper, electrical steel sheets, transformer oil and related components.

CAPACITY EXPANSION:

The Company is putting up transformer manufacturing facility at Village Vadadla, Tehsil Savali, District Vadodara, with an investment of about Rs. 35 crores, which will be operational from April 2009. With that total installed capacity of the Company will go upto 13000 MVA.



VOLTAMP TRANSFORMERS LIMITED

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.

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 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, 2008 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 Jagannath S. Aiyar and Shri Arvind N. Shelat, Directors of the Company retire by rotation, but being eligible, offer themselves for reappointment.

Shri Vallabh N. Madhani was appointed as an Additional Director on 08th May, 2008. He shall hold office up to the date of ensuing Annual General Meeting of the Company. Some of the members of the Company have proposed in writing his appointment as a Director of the Company and therefore resolution is proposed in the ensuing Annual General Meeting.

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.

APPRECIATION AND ACKNOWLEDGEMENT:

Your Directors wish to convey their thanks to all the Customers, Company's Bankers, Government Authorities, Associates, Vendors and other Business Partners and Members for their continued support to the Company.

The Board also expresses its appreciation of the understanding and support extended by the shareholders and employees of the Company.

For and on behalf of the Board

Place : Vadodara
Date : 08th May, 2008

L. H. PATEL
EXECUTIVE CHAIRMAN

41ST ANNUAL REPORT 2007-08**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. Closely 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 :

1. New Power Transformer test bed installed.
2. New energy efficient ovens installed.
3. New energy efficient crane 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 :

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 :

a1) (i) OLTC suppliers recommend providing a PRV on it. Some transformer failures point towards that. 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 TRANSFORMATORBBAU GMBH, (HTT), Germany for manufacture of Cast Resin Transformers.

C] FOREIGN EXCHANGE EARNINGS AND OUTGO :

	<u>Amount Rs.</u>
[a] Foreign Exchange used	11,72,31,809
[b] Foreign Exchange earned	39,82,335



VOLTAMP TRANSFORMERS LIMITED

ANNEXURE - III TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Voltamp Transformers Limited continues to remain committed to highest level of Corporate Governance. 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. 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 adhered to regularly.

2. BOARD MEETINGS AND BOARD OF DIRECTORS:

(A) In the Financial Year 2007-08 four Board Meetings were held on the following dates:

1. 28th April, 2007
2. 30th July, 2007
3. 29th October, 2007
4. 29th January, 2008

(B) Composition / Category of Directors / Attendance at Meetings / Directorship & Committee Membership in other Companies as on March 31st, 2008:

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	3	YES	3	NIL	NIL
2.	Shri Kunjal L. Patel	Vice Chairman & Managing Director	3	YES	4	1	NIL
3.	Shri Kanubhai S. Patel	C.E.O. & Managing Director	4	YES	1	2	NIL
4.	Shri Kewalkrishna G. Tuli	Director	3	YES	1	1	1
5.	Shri Vasantlal L. Patel	Director	3	YES	1	1	NIL
6.	Shri Jagannath S. Aiyer	Director	3	NO	NIL	1	1
7.	Shri Arvind N. Shelat	Director	4	YES	NIL	NIL	1

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 2007-08, four Audit Committee Meetings were held on the following dates:

- | | |
|-----------------------------------|-----------------------------------|
| 1. 27 th April, 2007 | 2. 30 th July, 2007 |
| 3. 29 th October, 2007 | 4. 29 th January, 2008 |

All members were present in all the above four meetings.

(B) 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 statement is 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.

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3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
 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 Director's 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, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 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. 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 with the Stock Exchanges and the provisions of the Section 292A of the Companies Act, 1956.

4. REMUNERATION COMMITTEE:**(A) Terms of Reference:**

The remuneration committee shall have powers to consider and recommend the remuneration payable to whole time Directors and senior management employees of the Company.

(B) Composition:

- | | | |
|------------------------------|----------|------------------------------------|
| 1. Shri Kewalkrishna G. Tuli | Chairman | Independent Non Executive Director |
| 2. Shri Jagannath S. Aiyar | Member | Independent Non Executive Director |
| 3. Shri Vasantlal L. Patel | Member | Independent Non Executive Director |

During the year there was no meeting of the Remuneration Committee.

(C) Remuneration Policy:

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Executive and Non-Executive Directors.

(D) Details of remuneration to all the Directors during the financial year 2007-08:

Name	Designation / Nature of Duty	Qualifications	Experience (Years)	Salary & Perquisites	Commission	Stock Option	Total	Date of Commencement of Employment
Shri L.H. Patel	Executive Chairman	B.Sc.(Engg.) (London) ACGI, MIE	50 Years	3929824	12981833	Nil	16911657	01.04.1963
Shri K.L. Patel	Vice Chairman & Managing Director	B.E. (Electrical)	12 Years	5534597	12981833	Nil	18516430	12.08.2002
Shri K.S. Patel	C.E.O. & Managing Director	B.Com., F.C.A., F.C.S.	28 Years	7935090	12981833	Nil	20916923	15.03.2002 (since 01-01-1982 with group)

Apart from sitting fees, the Non-Executive Directors are not paid any commission/ remuneration.



VOLTAMP TRANSFORMERS LIMITED

5. SHAREHOLDERS' GRIEVANCE COMMITTEE :

(A) Composition :

- | | | |
|----------------------------|----------|-------------------------------------|
| 1. Shri Jagannath S. Aiyar | Chairman | Independent Non Executive Director |
| 2. Shri Kunjal L. Patel | Member | Vice Chairman and Managing Director |
| 3. Shri Kanubhai S. Patel | Member | Managing Director, C.E.O. & C.F.O. |

Shri V. N. Madhani, Company Secretary & General Manager (Commercial), has been designated as the Compliance Officer of the Company.

Number of shareholders complaints received during the year : 23

Number of complaints solved during the year : 23

Number of pending complaints at the end of the year : NIL

6. GENERAL BODY MEETINGS :

(A) Location and time where last three Annual General Meetings were held :

Financial Year	Date	Time	Venue
2006-07	14-09-2007	10.00 a.m.	Auditorium of the Vanijya Bhavan, Race Course Circle, Vadodara.
2005-06	30-06-2006	11.30 a.m.	Reg. Office, at Makarpura, Vadodara - 390 014.
2004-05	24-09-2005	11.30 a.m.	Reg. Office, at Ashwarath Avenue, C.G. Road, Ahemdabad - 380 006.

(B) Special Resolution passed in the previous three Annual General Meetings :

No Special Resolution was passed by the Company in the last three Annual General Meetings.

(C) Postal Ballot :

No Special Resolution was passed by the Company in the last three years through postal ballot. As on date, the Company does not have any proposal to pass any Special Resolution by way of postal ballot.

7. DISCLOSURES :

(A) Disclosure on materially significant related party transactions.

The following is the summery of significant transactions with related parties by the Company:

	(Rupees in Lacs)	
	2007-08	2006-07
Loans Taken		
Patson Transformers Pvt. Ltd.	100	100
Purchase of Goods		
Patson Transformers Pvt. Ltd.	0.85	16.37
Purchase of Assets		
Patson Transformers Pvt. Ltd	Nil	27.89
The Banyan Club	Nil	0.31
Assets Sold		
The Banyan Club	Nil	0.36
Key Managerial Remuneration	519.86	323.93

(B) Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authorities or any matter related to capital market during the last three years:

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulation and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, Stock Exchanges, or any Statutory Authority on the matters relating to the capital market, during the last three years.