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VOLTAMP TRANSFORMERS LIMITED

ANNUAL REPORT : 2008-2009

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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
Shri Vallabh N. Madhani	Director

BANKERS:

1) **AXIS BANK LTD.**
Vardhman Complex,
Opp. GEB Office,
Race Course Circle,
Vadodara – 390007
Gujarat

2) **ICICI BANK LTD.**
Race Course Circle
Vadodara – 390007
Gujarat

3) **BANK OF BARODA**
Sayajigunj Branch
Vadodara - 390005
Gujarat

DIRECTOR & COMPANY SECRETARY:
Shri V. 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.
308, 1st floor, Jaldhara Complex,
Opp. Manisha Society, Vasana Road,
Vadodara – 390015. Gujarat

REGISTERED OFFICE & WORKS:
Makarpura, Vadodara - 390014. Gujarat

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NOTICE

Notice is hereby given to the Members of VOLTAMP TRANSFORMERS LIMITED, that the 42nd 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 Friday, 31st July 2009, 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, 2009 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 Kunjal L. Patel, who retires by rotation and being eligible offers himself for reappointment.
4) To appoint a Director in place of Shri Kewalkrishna G. Tuli, 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.

For and on behalf of the Board
V.N.MADHANI
DIRECTOR &
COMPANY SECRETARY

Place : Vadodara
Date : 14th May, 2009

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 holders who are higher in order of names will be entitled to vote.
6) Register of Members and Share Transfer Books will remain closed from Saturday, 18th July, 2009 to Friday, 31st July, 2009 (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 Friday, 31st July, 2009, 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 17th July, 2009.
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.

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DIRECTORS' REPORT

To,
The Members
VOLTAMP TRANSFORMERS LIMITED
Makarpura, Vadodara – 390014

Your Directors have pleasure in presenting the 42nd Annual Report and Accounts for the Financial Year ended 31st March, 2009.

WORKING RESULTS:

(Rupees in Thousand)

	2008-2009	2007-2008
Sales & Services Income	6,430,638	5,553,460
Profit before Financial Charges and Depreciation	1,738,284	1,286,175
Financial Charges	4,668	5,037
Depreciation	44,654	31,331
Profit before Taxation	1,688,962	1,249,807
Provisions for Taxation : Current Tax	555,000	440,000
: Deferred Tax	(2,086)	7,365
: Fringe Benefit Tax	3,610	3,400
Net Profit after Provision for Taxation	1,132,439	799,042
Add : Excess Income Tax Provision of earlier year writtenback	15,582	Nil
Net Profit for the year	**1,148,021**	799,042
Add: Previous years' surplus	145,113	144,028
Profits available for appropriation	**1,293,134**	943,070
Appropriation there from		
A. Proposed Dividend	126,464	126,464
B. Dividend Tax on above	21,493	21,493
C. General Reserve	1,000,000	650,000
D. Surplus Carried to Balance Sheet	145,177	145,113
	1,293,134	943,070

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, 2009.

OPERATIONS:

The Directors report with pleasure that the Company has performed very well and reported excellent results for the year ended 31st March, 2009. The Company has achieved all time high sales of Rs. 643.06 crores against Rs. 555.35 crores in the previous year, recording a growth of 15.79 %. Profit before tax (PBT) grew significantly by Rs. 43.92 crores, from Rs. 124.98 crores to Rs. 168.90 crores, an increase of 35.14 %. The improvement in profit was mainly attributable to volume growth, operational efficiency, higher productivity and good product mix. Profit after tax (PAT) grew by Rs. 34.90 crores, from Rs. 79.90 crores to Rs. 114.80 crores, an increase of 43.68 %.

The Company has very good inflow of orders particularly in the first half of the year. However, due to global slowdown which also impacted the Indian economy, investment decision by our customers, particularly industrial customers were either deferred or postponed indefinitely.

The current year has been started with order backlog of Rs. 292.68 crores. Due to recession and increased competition in the market, the Company will have to execute new orders at low prices. 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, steel and related components.

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CAPACITY EXPANSION:

Construction of new factory building at Village Vadadla, Tehsil Savali, Dist. Vadodara is nearing completion. The Company has also released orders for balance plant and machinery required for the project. Plant & Machinery and testing equipments will be installed by August 2009. The plant will become partially operational by August 2009 and with that total installed capacity will go up to 13000 MVA, at both locations.

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 - 1.

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, 2009 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 Kunjal L. Patel and Shri Kewalkrishna G. Tuli, Directors of the Company retire by rotation, but 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. 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 : 14th May, 2009

L. H. PATEL
EXECUTIVE CHAIRMAN

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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 Owens.
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. Use of energy efficient motors.
9. Energy Audit by registered auditors.

[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.

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[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 : Not Applicable.

C] FOREGN EXCHANGE EARNINGS AND OUTGO :

		Amount Rs.
a)	Foreign Exchange used	2,34,16,331/-
b)	Foreign Exchange earned	1,13,87,813/-

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ANNEXURE - III TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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. 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. Management is committed to ensure that the day to day and strategic business transactions are conducted in an open transparent and honest manner and follow high legal and ethical standards.

2. BOARD MEETINGS AND BOARD OF DIRECTORS:

(A) In the Financial Year 2008-09 four Board Meetings were held on the following dates:

1. 08th May, 2008
2. 31st July, 2008
3. 20th October, 2008
4. 29th January, 2009

(B) Composition / Category of Directors / Attendance at Meetings / Directorship & Committee Membership in other Companies as on March 31st, 2009 :

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	4	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	4	YES	1	1	NIL
6.	Shri Jagannath S. Aiyar	Director	2	NO	NIL	1	1
7.	Shri Arvind N. Shelat	Director	4	YES	NIL	NIL	1
8.	Shri Vallabh N. Madhani	Director	3	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 2008-09, four (4) Audit Committee Meetings were held on the following dates:

1. 08th May, 2008
2. 31st July, 2008
3. 20th October, 2008
4. 29th January, 2009

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.
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 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 Exchange 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 2008-09:

Name	Designation / Nature of Duty	Qualifi-cations	Experience (Years)	Salary & Perquisites	Commi-ssion	Stock Option	Total	Date of Commencement of Employment
Shri L.H. Patel	Executive Chairman	B.Sc.(Engg.) (London) ACGI, MIE	51 Years	4585705	17680058	Nil	22265763	01.04.1963
Shri K.L. Patel	Vice Chairman & Managing Director	B.E. (Electrical)	13 Years	6634589	17680058	Nil	24314647	12.08.2002
Shri K.S. Patel	C.E.O. & Managing Director	B. Com., F.C.A., F.C.S.	29 Years	9132804	17680058	Nil	26812862	15.03.2002 (since 01-01-1982 with group)

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

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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, Director & Company Secretary, has been designated as the Compliance Officer of the Company.

Number of shareholders complaints received during the year : 04
Number of complaints solved during the year : 04
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
2007-08	08-08-2008	10.00 a.m.	Auditorium of the Vanijya Bhavan, Race Course Circle, Vadodara.
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.

(B) Special Resolution passed in the last 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 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 summary of significant transactions with related parties by the Company:

	(Rupees in Lakhs)	
	2008-09	2007-08
Loans Taken		
Paston Transformers Pvt. Ltd.	**NIL**	100
Purchase of Goods		
Paston Transformers Pvt. Ltd.	**NIL**	0.85
Key Managerial Remuneration	**661.56**	**507.72**

(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 markets 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 Exchange, or any Statutory Authority on the matters relating to the capital market, in the last three years.

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