



THE POWER OF INDUSTRY

VOLTAMP TRANSFORMERS LIMITED

46th Annual Report 2012-2013

VOLTAMP TRANSFORMERS LIMITED

BOARD OF DIRECTORS

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

Chairman (Upto 17.05.2013)
Chairman & Managing Director (w.e.f. 17.05.2013)
Vice Chairman & 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 46th 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 Monday, 12th August, 2013 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, 2013, 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 Vasantlal L. Patel, 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.

FOR AND ON BEHALF OF THE BOARD

Place : Vadodara
Date : 17th May, 2013

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 SCHEDULED 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 is higher in order of names will be entitled to vote.
- 6) Register of Members and Share Transfer Books will remain closed from Thursday, 1st August, 2013 to Monday, 12th August, 2013 (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 Monday, 12th August, 2013, 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 Wednesday, 31st July, 2013.

- 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 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 vnv_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, Vadodara.

DIRECTORS' REPORT

To.

The Members

VOLTAMP TRANSFORMERS LIMITED

Makarpura, Vadodara – 390014, Gujarat.

Your Directors have pleasure in presenting the 46th Annual Report and Accounts for the Financial Year ended 31st March, 2013.

WORKING RESULTS:

(₹ in Lacs)

PARTICULARS	2012-2013	2011-2012
Sales & Services Income	51550.24	56980.51
Profit before Financial Charges and Depreciation	5419.78	5717.77
Financial Charges	49.10	47.74
Depreciation	767.47	826.94
Profit before Taxation	4603.21	4843.09
Provisions for Taxation : Current Tax	1375.00	1520.00
Deferred Tax	(61.63)	(4.52)
Net Profit for the year	3289.84	3327.61
Add: Previous years' surplus	998.28	1346.50
Profits available for appropriation:	4288.12	4674.11
Appropriation therefrom:		
A. Proposed Dividend	1517.57	1011.71
B. Dividend Tax on above	257.91	164.12
C. General Reserve	1500.00	2500.00
D. Surplus	1012.64	998.28
	4288.12	4674.11

DIVIDEND:

The Directors recommend payment of dividend @ 100%, i.e. ₹ 10/- per equity share. In addition, the Directors also recommend payment of onetime special dividend by Company @ 50%, i.e. ₹ 5/- per equity share, to commemorate successful completion of 50 years in the transformer business. With that, total dividend recommended by the Board of Directors is @ 150%, i.e. ₹ 15/- per equity share of ₹ 10/- each on 10117120 equity shares, for the year ended March 31, 2013.

PERFORMANCE REVIEW:

In the competitive market, the Company was able to achieve Sales and Other Income, in monetary terms for the year to ₹ 535.52 crores as compared to ₹ 585.26 crores in the previous year. The sales in terms of volume reduced to 7670 MVA as compared to 8991 MVA in the previous year. The Profit Before Tax (PBT) was reduced to ₹ 46.03 crores as compared to ₹ 48.43 crores in the previous year and Profit After Tax (PAT) remained almost same at ₹ 32.90 crores as compared to ₹ 33.28 crores in the previous year.

During the year under review, the profitability of the Company remained low, mainly due to stiff competition in view of over capacity in the Transformer Industry and also on account of continuous increase in raw material prices due to currency fluctuation on fixed price contracts. However, compared to our peers in the industry, we have relatively fared better.

The current year has begun with lower order backlog of ₹ 245.40 crores (4192 MVA). The enquiry level remained low and the decision making also remained slow, resulting into order booking with wafer-thin margin, due to intense price war amongst manufacturers. It's a challenge for the Company to manage orders within the budgeted costs in the volatile market. Receivables position has little bit improved compared to last year but timely realization of receivable remain challenging area. The Company finds it difficult to sustain volume due to very low price realization.

For detailed analysis of the performance, please refer to the Management 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, 2013 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 Vasantlal L. Patel and Shri Arvind N. Shelat, Directors of the Company retire by rotation, and being eligible offer themselves for reappointment.

Shri Lalitkumar H. Patel, founder and promoter of the Company is retiring from the position of Non-Executive Chairman w.e.f. 17th May, 2013 due to advancement of age. The members of the Board have expressed their gratitude for the long services rendered by Shri Lalitkumar H. Patel. The Board has also placed on record its sincere appreciation for the uninterrupted outstanding services rendered by him and bringing Company to its present position from its modest beginning.

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 patronage to 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 : 17th May, 2013

KANUBHAI S. PATEL
CHAIRMAN & MANAGING DIRECTOR

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.
 3. Old cooling towers for Boiler replaced with Energy Efficient new one.
- [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. We have also realized reduction in Maximum Demand (M.D.) and we have applied for reduction in M.D. to Local Electricity Board Authorities.
- [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.
 3. Use of Special Bunch Conductors to minimize losses.
- [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.
 3. Price Competitiveness.
- [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 / control by implementation of 5-S.

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 : ₹ 36,86,466/-
- [b] Foreign Exchange earned : ₹ 3,11,48,208/-

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 Code of Conduct for Directors and Senior Management Personnel are fully complied by our Company.

2. BOARD MEETINGS AND BOARD OF DIRECTORS:

(A) In the Financial Year 2012-13, four Board Meetings were held on the following dates:

- | | |
|------------------------------------|------------------------------------|
| 1) 21 st May, 2012 | 2) 14 th August, 2012 |
| 3) 05 th November, 2012 | 4) 11 th February, 2013 |

(B) Composition / Category of Directors / Attendance at Meetings / Directorship & Committee Membership in other Companies as on 31st March, 2013:

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*	4	No	2	Nil	Nil
2.	Shri Kunjal L. Patel	Vice Chairman & Managing Director	4	Yes	3	1	Nil
3.	Shri Kanubhai S. Patel	Chairman** & 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	No	Nil	Nil	1
8.	Shri Vallabh N. Madhani	Director	4	Yes	Nil	Nil	Nil

* upto 17.05.2013

** w.e.f. 17.05.2013

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 | Chairman & Managing Director |

(ii) Meetings and Attendance:

In the Financial Year 2012-13, four Audit Committee Meetings were held on the following dates:

- | | |
|------------------------------------|------------------------------------|
| 1) 21 st May, 2012 | 2) 14 th August, 2012 |
| 3) 05 th November, 2012 | 4) 11 th February, 2013 |

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.

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 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 |

(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 2012-13:

Name	Designation / Nature of Duty	Qualifications	Experience (Years)	Salary & Perquisites (Amount ₹)	Commission (Amount ₹)	Stock Option	Total (Amount ₹)	Date of Commencement of Employment
Shri K.L. Patel	Vice Chairman & Managing Director	B.E. (Electrical)	17 Years	12340854	5075246	Nil	17416100	12.08.2002
Shri K.S. Patel	CEO & Managing Director	B. Com., F.C.A., F.C.S.	33 Years	13992658	5075246	Nil	19067904	15.03.2002 (since 01-01-1982 with Group)

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

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 | Chairman & Managing Director |

Shri Vallabh N. Madhani, Vice President (Commercial) & Company Secretary, has been designated as the Compliance Officer of the Company.

Number of shareholders complaints received during the year : Nil

Number of complaints resolved during the year : Nil

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
2011-12	14-08-2012	10:00 a.m.	Auditorium of the Vanijya Bhavan, Race Course Circle, Vadodara-390007.
2010-11	12-08-2011	10:00 a.m.	Auditorium of the Vanijya Bhavan, Race Course Circle, Vadodara-390007.
2009-10	30-07-2010	10:00 a.m.	Auditorium of the Vanijya Bhavan, Race Course Circle, Vadodara-390007.

(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:

There was no materially significant related party transaction during the year having potential conflict with the interest of the Company.

(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 regulations 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.

(C) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee:

The Company has not adopted Whistle Blower Policy. However, the Company has not denied access to any personnel to approach the Management on any issues.

(D) Details of compliance with mandatory requirements and adoption of the non- mandatory requirements of this clause:

The Company has fully complied with mandatory requirements of the clause 49 of the Listing Agreement of the Stock Exchanges. Further, the Company has adopted non-mandatory requirement of the clause 49 of the Listing Agreement, viz., Remuneration Committee of the Board which has constituted to determine the remuneration package of the Executive Directors.