



Chairman's Speech

Jitendra U. Mamtara
Chairman & Managing Director

It gives me great pleasure to welcome you to the 14th Annual General Meeting of your Company. On behalf of the T&R team, I thank you all for your continued trust, encouragement and support to the Company.

At the outset I will deem it appropriate to present an overview of the power scenario in India and its impact on the future. The power sector made significant progress in 2007 with all its segments registering substantial growth. The capacity addition of 9050 MW was the highest ever achieved in a year. The award of three ultra mega power projects (UMPPS) totalling 12,000 MW, holds the promise of still higher capacity addition by the private sector in the coming years.

The Eleventh Plan (2007-2012) envisages a huge capacity addition of 78,577 MW. Concomitant with the generation plan, a detailed National Transmission Plan to evacuate the entire power from the proposed projects has been prepared.

Against the above backdrop, your Company is broadening the canvas of its product offerings. It already has a wide range of products such as Power Transformers upto 220 kV Class,

Distribution Transformers, Rectifier Transformers, Furnace Transformers upto 63 MVA. Your Company is now putting facilities for manufacturing higher ratings of 245 kV Transformers and 400 kV Transformers. The manufacturing and testing facilities can take upto 765 kV transformers in future years. The shift of 245 kV manufacturing from existing Changodar unit to the new manufacturing site will allow your Company to take and execute a larger share of 132 kV class and special type Transformers, such as Furnace and Rectifier Transformers, thereby propelling volume growth in Sales.

With the creation of "Transmission Super Highways", much emphasis has been put on 400 kV transmission, which in turn, will enhance the demand for 400 kV transformers. Added to these, there has been excellent growth in exports and further demand is being created through Renovation & Modernisation (R & M) Programmes.

On the whole, the business environment looks encouraging, while the demand for transformers and other equipments continue to be robust. The industry has been growing aggressively and is projected to sustain the trend.



Satyen J. Mamtora
Joint Managing Director

Public Issue and Utilization of Issue Proceeds

In order to set up a green-field manufacturing facility at Moraiya, near Ahmedabad for manufacturing of 220 kV Class & above transformers and to part finance incremental working capital requirements, during December, 2007, the Company had made an Initial Public Offer (IPO) of 29,95,000 Equity Shares of Rs.10/- each at a price of Rs.465/- per share aggregating to Rs. 13,927 lacs through 100% book building procedure. The IPO of the Company had received overwhelming response from the public and issue was oversubscribed by 91.31 times. The shares were listed for trading on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) w.e.f. 28th December, 2007.

Current Status of the Project

Your Company is setting up an expansion project to manufacture transformers of 220 kV Class and above at Moraiya, Dist. Ahmedabad. The civil construction work is nearing to completion. The orders for major machineries have already been placed and their delivery has started as per schedule. The commercial production is likely to start in second quarter of FY 2008-2009. With this plant becoming fully operational, your Company will achieve sustained growth in the coming years.

I will now give you a snapshot of your company's performance in 2007-08. The Total Income of the Company has stepped up from Rs. 22,196.37 lacs in FY 2006-07 to Rs. 31,110.01 lacs in FY 2007-08, thus there is increase of 40% in the total income of the Company. EBIDTA margin during FY 2007-08 stood at 20.61% against 16.69% recorded during FY 2006-07. Profit before Taxation increased from Rs. 2,805.86 lacs during FY 2006-07 to Rs. 5,386.57 lacs during FY 2007-08. Profit after tax for FY 2007-08 stood at Rs. 3478.23 lacs compared Rs. 1,762.54 lacs during FY 2006-07, thus increasing by 97%.

The Board has recommended dividend of Rs. 2.00 per share, subject to approval of members at Annual General Meeting.

Your Directors are confident of maintaining a steady and sustained growth in the coming years. However, with almost all manufacturers enhancing their capacities, market will be fiercely competitive; thereby margins are expected to be under some pressure.

To address this intense competitive scenario, I strongly feel that improving execution excellence through continuous productivity improvement and maintaining high quality deliveries should be the



prime focus of T&R. We are looking to continuously benchmark our processes as our global aspirations are achievable only through a qualitative and competitive edge.

These competency building initiatives are imperative to ensure that we continuously equip ourselves with the skills to support the organisation's business plans. I believe knowledge acquisition, skill and experience combine effectively to pace technology and the evolving business landscape. This is also an effective way to monitor our competency profile against the best in class.

We also realize the impacting influence of strong human resource initiatives. Employees are vital to our company. We have created and continue to improve a favorable work environment that encourages innovation and meritocracy. We are initiating good initiatives to map retention, growth and compensation of each individual.

And finally, we stand by our values as it will only serve to power us into the future. As a company, and as individuals, we value integrity, honesty, openness, personal excellence, constructive self-criticism, continual self-improvement and mutual respect. We are committed to our customers and partners and have a passion for technology.

We take on big challenges, and pride ourselves on seeing them through. We hold ourselves accountable to our customers, shareholders, partners, and employees by honoring our commitments, providing results, and striving for the highest quality.

I wish to assure you that the fundamentals of your Company remain very strong. We will continue to work on improving processes, consolidating the dominant position of your Company in the domestic market and aggressively focus on globalization. We are upscaling all internal processes to achieve excellence in project execution to meet global standards and thereby achieve accelerated growth.

On your behalf and on behalf of the Board of Directors, I wish to thank the employees, customers, vendors, business associates, bankers, credit rating agency and the Government of India and State Governments for their continued support to the Company and its management.

Shri Jitendra Mamtora,
Chairman & Managing Director,