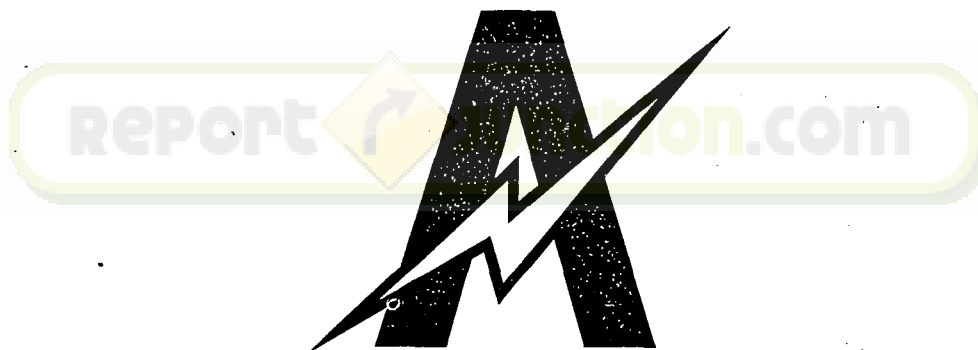


10TH ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DEV	NA
TRA	NA		AG	✓
AGM	✓	✓	SH	✓
YE	✓	✓		



ACCURATE TRANSFORMERS LTD.

**ACCURATE TRANSFORMERS LTD.**

BOARD OF DIRECTORS	:	SHRI C.L. SHARMA	— Chairman & Managing Director
		SHRI M.K. BASAK	— Wholetime Director
		SHRI K.L. CHAUHAN	— Director
		SHRI S.K. SHARMA	— Director
COMPANY SECRETARY	:	SHRI G.C. JAIN	
REGISTERED OFFICE & HEAD OFFICE	:	8, LOCAL SHOPPING CENTRE VARDHMAN SIDHANT PLAZA 3RD FLOOR, SAVITA VIHAR DELHI - 110092	
WORKS	:	1) MEERUT ROAD (OPP. RAJNAGAR CHOWKI) GHAZIABAD (U.P.) 2) D-17, UPSIDC INDUSTRIAL AREA GREATER NOIDA (U.P.) 3) A-94, UPSIDC INDUSTRIAL AREA SIKANDRABAD, U.P.	
AUDITORS	:	S. LAL & COMPANY 87-88, NAVYUG MARKET GHAZIABAD (U.P.)	
BANKERS	:	BANK OF MAHARASHTRA NAVYUG MARKET GHAZIABAD (U.P.)	

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ACCURATE TRANSFORMERS LTD.**NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of Accurate Transformers Limited will be held on Wednesday, the 30th September, 1998 at 11.00 a.m. at Bandhan Banquet, 8, Rajasthan Udyog Nagar, G T Karnal Road, Near Shalimar Bagh, Railway Crossing, Delhi-110033 to transact the following business :-

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 1998, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri S.K. Sharma who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification (s), the following as an ORDINARY RESOLUTION :-

"RESOLVED THAT M/s. S. Lal & Company, Chartered Accountants, the retiring Auditors of the company, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at a remuneration to be fixed by the Board of Directors of the Company."

Special Business

4. To consider and if thought fit, to pass with or without modification (s), the following as an ORDINARY RESOLUTION :-
- "RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act and subject to such other approvals as may be necessary, consent of the members of the company be and is hereby accorded to the re-appointment of Shri. C.L. Sharma as the Managing Director of the Company for a period of five years with effect from 01.08.1998 ie upto 31.07.2003 on the existing terms and conditions."
5. To consider and if thought fit, to pass with or without modification (s), the following resolution as a SPECIAL RESOLUTION :-

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions as may be required and also subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the company be and is hereby accorded to the Board of Directors for application of funds of the company in purchase/buy back of its shares in such quantity or quantities as may be specified by Govt. or in such proportion and manner as may be permitted by Law from time to time."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever as may arise with regard to said purchase / buy back of shares."

Registered Office

8, LSC, Vardhman Sidhant Plaza
3rd Floor, Savita Vihar
Delhi - 110092

By order of the Board
for ACCURATE TRANSFORMERS LIMITED

G.C. JAIN
COMPANY SECRETARY

Dated 18th August, 1998

Notes :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and a proxy need not be a member of the company.



ACCURATE TRANSFORMERS LTD.

2. The Proxy Form duly completed must reach the Registered Office of the company not later than 48 hours before the commencement of the meeting.
3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
4. Members are requested to intimate change in their registered addresses alongwith correct PIN CODE number to the company to expedite delivery of mails.
5. Members, in their own interest, are advised to
 - Send shares held in identical names for consolidation into a Single Folio.
 - Get their holding transferred into Joint names by executing valid Transfer Deed wherever the present holding is in Single name.
6. Members are requested to bring their copy of Annual Report at the meeting as additional copies are not to be circulated in the meeting.
7. The unpaid dividend warrants for 1995-96 are due for transfer to the Central Govt. on 28.09.1999. Share holders who have not encashed their dividend warrants for 1995-96 so far are advised to write to the company at its Registered office quoting their full details.
8. Members seeking any information on the accounts and operations of the company are requested to write to the Company Secretary at least 10 days in advance from the date of the meeting so that the information required may be made available to them at the meeting.
9. MEMBERS ATTENDING THE MEETING ARE REQUESTED TO BRING THEIR COPIES OF ATTENDANCE SLIPS DULY COMPLETED AND DELIVER THE SAME AT THE ENTRANCE OF THE MEETING.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 4

Shri C.L. Sharma was re-appointed Managing Director of the company for a period of five years w.e.f. 01.08.1993 and the members of the company at their 8th Annual General Meeting held on 28.09.1996 had approved revision in the terms of his remuneration and perquisites w.e.f. 01.09.1996. Keeping in view the remarkable progress made by the company during the Last Five Years while Shri C.L. Sharma was the Managing Director of the company, the Board of Directors of the company in their meeting held on 27th July, 1998 have approved re-appointment of Shri. C.L. Sharma as Managing Director for a further period of five years w.e.f. 01.08.1998 ie. upto 31.07.2003 on the existing terms and conditions in accordance with the provisions of Article 54 of the Articles of Association of the Company subject to the approval of the share holders. The re-appointment of Shri. C.L. Sharma as Managing Director does not require approval of the Central Govt. under Section 269 of the Companies Act, 1956 as the period of re-appointment and remuneration being paid to him are in accordance with the conditions specified in schedule XIII of the said Act. The details of remuneration and perquisites being paid to Shri C.L. Sharma at present are re-produced below :

I. Salary

Rs. 30,000 (Rupees thirty thousand only) p.m. in the scale of Rs. 30000-5000-40000.

II. Perquisites

In addition to the above, he shall be entitled to the following perquisites restricted to an amount equal to his annual salary or Rs. 3,60,000/- whichever is less. For this purpose, perquisites are classified into three categories. 'A', 'B' and 'C' as follows :

Category 'A'

a. Housing I

The expenditure by the Company on hiring unfurnished accommodation for him will be subject to the ceiling of sixty percent of the salary over and above ten percent payable by him.

Housing II

In case the accommodation is owned by the company, ten percent of his salary shall be deducted by the company.

ACCURATE TRANSFORMERS LTD.**Housing III**

In case no accommodation is provided by the Company, he shall be entitled to house rent allowance as may be decided by the Board from time to time subject to ceiling of sixty percent of his salary.

b. Gas, Electricity, Water and Furnishings

If provided by the company, shall be valued as per Income-Tax Rules, 1962 and shall be restricted to 10% of his salary.

c. Medical Reimbursement

Medical expenses incurred by him for self and his family subject to a ceiling of one month's salary over a period of three years.

d. Leave Travel Concession

Leave Travel Concession for him and his family, once in a year in accordance with the rules of the Company.

e. Club Fees

Club Fees, subject to a maximum of two clubs excluding admission and life membership fees.

f. Personal Accident Insurance

Premium not to exceed Rs. 4,000.00 per annum.

Explanation

For the purpose of category 'A', family means his spouse, dependant children and dependant parents.

Category 'B'

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income-Tax act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.

Category 'C'

The company shall provide car with driver and telephone at his residence. Provision of car for use on company's business and telephone at residence will not be considered as perquisites.

Minimum Remuneration

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of his tenure, the company has no profits or its profits are inadequate, the company will pay salary and perquisite as specified above as minimum remuneration in accordance with provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

The Board recommends re-appointment of Shri C.L. Sharma as Managing Director of the company for the approval of the members.

Shri C.L. Sharma and Shri S.K. Sharma being related to each other are interested in the resolution.

ITEM NO. 5

Presently buy back / purchase of its own shares by the company is not allowed by the Companies Act, 1956. However the Companies Bill, 1997 contained the enabling provisions for buy back of its own shares by the companies. The said bill, however, has not yet become Law.

However, as the Central Govt. is considering favourably to incorporate the proposal in the statue enabling a company to buy back its own shares, it is proposed to enable the company to buy back / purchase its own shares in such manner as may be specified once the buy back of its own shares becomes legally permissible.

None of the Directors may be deemed to be concerned or interested in the proposed resolution.

Registered Office

8, LSC, Vardhman Sidhant Plaza
3rd Floor, Savita Vihar
Delhi - 110092

By order of the Board
for ACCURATE TRANSFORMERS LIMITED

G.C. JAIN
COMPANY SECRETARY

Dated 18th August, 1998



ACCURATE TRANSFORMERS LTD.

DIRECTORS' REPORT

To,
The Members,

Yours Directors have pleasure in presenting the TENTH REPORT of your company together with Audited Accounts for the financial year ended 31st March' 1998.

Financial Results

Highlights of the Financial Results are as under :-

(Rs. in Lakhs)

	Current Year (1997-98)	Previous Year (1996-97)
Sales & Other Income	2852.66	2267.13
Gross Profit before interest,		
Depreciation & Tax	192.55	145.53
Less Interest	67.48	28.16
Depreciation	19.88	15.62
Profit before Tax	105.19	101.75
Less Provision for Tax	28.00	39.00
Profit after Tax	77.19	62.75
Add Balance brought forward	92.91	50.20
Profit available for appropriation	170.10	112.95

Apropriations

1. General Reserve	----	----
2. Proposed Dividend	NIL	20.04
3. Surplus carried to Balance Sheet	170.10	92.91
	-----	-----
	170.10	112.95
	-----	-----

Dividend

Although your company has made profits, your Directors express their inability to recommend payment of dividend to the share holders for the year ended 31st March' 1998 keeping in view the tight money market conditions and requirement of funds for future expansion programme/working capital.

Operation

During 1997-98, your company has achieved a turnover of Rs. 2814.52 lakhs as against Rs. 2258.67 lakhs during the previous year ended on 31st March' 1997. Your company accordingly has registered an increase of Rs. 555.85 lakhs in turnover during the financial year while net profit after tax and depreciation has increased by Rs. 14.44 lakhs during the same period. Your company has seen able to achieve higher turnover and profit inspite of tough competition and recession in transformer & chemical industries.

Upgradation of Product Range

Till 1996-97, your company has been manufacturing Distribution Transformers in the Range of 25 KVA to 8 MVA. During 1997-98, however, your company has achieved a big break through in the field of 10 MVA Transformers. Similarly your company has started manufacturing 110 KV Rating Power Transformers.

With the upgradation of Product range, your company has become a leading player in transformer industry in the country.

ACCURATE TRANSFORMERS LTD.***Ethyle Acetate***

In the last year's report, your Directors had informed you that a chemical unit has been established at A-94, UPSIDC Industrial Area, Sikandrabad (UP) and that the commercial production has started during September, 1997. The installed capacity of this unit is 3000 MT p.a. and you will be pleased to know that during first six months of its operation, the unit has achieved 60% of its capacity utilisation on annualised basis.

However, from the fag end of the financial year i.e. from March, 1998 onwards, the unit started facing problems in procuring its raw materials i.e. Ethyle Alcohol at controlled price due to de-control of molasses policy of the Govt. of Uttar Pradesh. Your Directors, however, feel that this is only a temporary phase because other state Govts and more particularly the Govt of Maharashtra, another main Sugar Industry State, has also de-controlled molasses in the State. The prices of Ethyle Acetate, therefore, are likely to stabilise in all the important states in near future.

Exports

Your Company has made a meagre beginning in export business during this year. Your Managing Director, however, is trying his level best to explore export markets in various countries and is hopeful that your company will get good orders in the next year.

ISO 9001

You will be pleased to know that your company has been granted ISO-9001 Certificate by DNV Registered Firm. This certificate is a symbol of "Seal of Quality" of the product of your company to its customers. The certificate has also bestowed on your company "Quality Product Awareness" towards its customers. Your Directors affirm their commitment in this direction and sincerely hope that the certificate would further boost progress of your company on all fronts in future.

Change of Registered Office

You will recollect that a Special Resolution was passed by the members in the 8th Annual General Meeting held on 28th Sept' 1996 in regard to change of registered office of the company from the state of Uttar Pradesh. Accordingly a petition was filed before the Company Law Board, Northern Region, New Delhi in this regard. With the permission of the Company Law Board, the Registered Office of your company has been shifted from Ghaziabad (UP) to 8, LSC, Vardhman Sidhant Plaza, 3rd Floor, Savita Vihar, Delhi-110092 w.e.f. 01.07.1998. Your Directors feel that the shifting of the registered office will enhance efficiency, co-ordination between corporate activities of the Group as a whole, enlarge areas of operation and overall growth of your company.

Directors

Mrs. Pushpa Sharma ceased to be Director of your company w.e.f. 26.06.1998 due to resignation. Your directors wish to place on record their sincere appreciation for the valuable contribution made by her during the period she was on the Board of the company.

The Board of Directors of the company have, subject to the approval of shareholders, re-appointed Shri C.L. Sharma as the Managing Director of the company for a period of five years with effect from 01.08.1998.

Shri S.K. Sharma, retires by rotation and is eligible for re-appointment.

Fixed Deposits

Your company has launched its Fixed Deposit Scheme during January 1997. No deposits were, however, outstanding towards repayments of deposits or towards unclaimed deposits as on the close of the year under report.

Auditors

The Auditors, M/s S. Lal & Company, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment. They have also furnished a certificate that re-appointment, if made, will be in accordance with the provisions of Section 224 (IB) of the Companies Act, 1956.

The observations of the Auditors in their report appended else where with this report are self explanatory and do not call for any further comments.