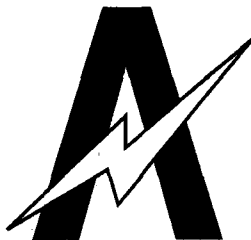


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ANNUAL REPORT

2005 - 2006

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ACCURATE TRANSFORMERS LTD.

AN ISO 9001 COMPANY



ACCURATE TRANSFORMERS LTD.

BOARD OF DIRECTORS	: SHRI C.L. SHARMA SHRI M.K. BASAK SHRI K.L. CHAUHAN Shri O.P.Sharma	— Chairman & Managing Director — Whole Time Director — Director — Director
COMPANY SECRETARY	: SHRI PAWAN JAJU	
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-16-17, UPSIDC INDUSTRIAL AREA, GREATER NOIDA (U.P.) 3) A-97, UPSIDC INDUSTRIAL AREA, SIKANDRABAD (U.P.) 4) 1394/2, M. LANGHA ROAD, DEHRADUN (UTTRANCHAL) 5) PLOT NO. 2, SECTOR-8A, INTEGRATED INDUSTRIAL AREA RANI PUR, HARIDWAR (UTTRANCHAL) 6) F-88, INDUSTRIAL AREA, JAMALPUR KHURD BAHADRABAD, HARIDWAR (UTTRANCHAL)	
AUDITORS	: S. LAL & COMPANY 87-88, NAVYUG MARKET GHAZIABAD (U.P.)	
BANKERS	: BANK OF MAHARASHTRA PREET VIHAR, DELHI - 110092	
REGISTRAR & TRANSFER AGENT (RTA)	: MAS SERVICES PVT. LTD. AB-4, SAFDARJUNG ENCLAVE NEW DELHI - 110029 TEL. : 011-26104142	

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ACCURATE TRANSFORMERS LTD.

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of Accurate Transformers Limited will be held on Saturday, the 30th September, 2006 at 09.00 a.m. at Carniwal Farm House, G.T. Karnal Road, Alipur, Delhi-110036 to transact the following business:-

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2006, the Profit and Loss Account for the year ended on that date, the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri K.L. Chauhan who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To confirm the appointment of Mr. O.P. Sharma as Director who was appointed as additional Director on 1.12.2005.
4. To consider and, if thought fit, to pass with or without modification (s), the following as an ORDINARY RESOLUTION:-

"RESOLVED THAT pursuant to section 224 of the Companies Act, 1956 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 such remuneration as may be fixed by the Board of Directors of the Company."

Special Business

1. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution :
 "RESOLVED THAT pursuant to the provisions, *inter alia* of Section 269, 309 and 198 and other applicable provisions, if any, of the Companies Act, 1956, or any modification or re-enactment thereof and subject to the approvals of the Central Government and Financial Institutions, if required, and such other approvals as may be necessary, the approval of the Company be and is hereby accorded to the re-appointment of Mr. Mihir Kanti Basak as Whole Time Director designated whole time Director of the Company for a period of 5 year with effect from 1st July 2006 and be paid remuneration in the manner and to the extent set out :
 A) Salary Rs. 20,000/- per month with suitable increase as may be determined by the Company through its Chairman/Managing Director.
 B) Perquisites

PART - A

- i) **Medical Reimbursement** : For expenses incurred for self or family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
- ii) **Leave Travel Concession** : For self & family once a year in accordance with the rules of the Company.
- iii) **Club Fees** : Fees of clubs subject to maximum of 2 clubs except admission and life membership fees.
- iv) **Personal Accident Insurance** : For an amount, the annual premium of which does not exceed Rs. 4000/- p.a.
- v) **Gratuity** : 1/2 month salary for each year of completed services, subject to a maximum of Rs. 1,00,000/- and subject however to the rules as may be applicable.

PART - B

- i) Provident fund contribution by the company subject to the eligibility.
- ii) Free use of company's car with driver for company's business.
- iii) Telephone facility at residence.
- iv) Leave : As per rules of the company.



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- v) Gas : Electricity, Water & furnishing not exceeding 10% of the salary.
- vi) Entertainment Expenses : Reimbursement of entertainment expenses actually & properly incurred for Company's Work.
- vii) Conveyance & Travelling : Reimbursement of conveyance & travelling expenses incurred for company's work.
- viii) The salary and perquisites are subject to the deduction of tax as are prescribed under the Income-tax Act 1961 and rules made thereunder up-to-date.

PART - C The remuneration comprising salary, perquisites and other benefits and allowance of the wholtime Director shall be subject to the overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956, or any modification or re-enactment thereof.

PART - D In the event of absence or inadequacy of profits, Mr. Mihir Kanti Basak would be paid the remuneration subject to a ceiling as laid down in schedule XIII of the Companies Act, 1956 and/or as decided by the Chairman/Managing Director of the company which shall not include the following in computation of ceiling on remuneration :

- a. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable at the rate of half-a-month's salary or each completed year of service; and Encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT the Chairman/Managing Director of the company be and is hereby authorised to vary or revise the remuneration of the wholtime Director within the overall limit as specified in Scheduled XIII of the companies Act, 1956 and settle any question or difficulties in connection therewith or incidental thereto."

- 2. To consider and, if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution : RESOLVED THAT pursuant to the provisions, inter alia of Section 269, 309 and 198 and other applicable provisions, if any, of the Companies Act, 1956, or any modification or re-enactment thereof and subject to the approvals of the Central Government, if required, and such other approvals as may be necessary, the approval of the Company be and is hereby accorded as may be necessary, the approval of the Company be and is hereby accorded to the appointment of Mr. Om Pal Sharma as Additional Director of the Company with effect from 1st December 2005 and be paid remuneration in the manner and to the extent set out; Salary Rs. 20,780/- per month with suitable increase as may be determined by the Company through its Chairman/Managing Director.

Registered Office

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

By order of the Board
for **ACCURATE TRANSFORMERS LIMITED**

C.L. SHARMA

Chairman & Managing Director

Dated: 30th August, 2006

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. The proxy in order to be effective must be deposited at the Registered Office of the company not less than 48 hours before the commencement of the Meeting.
- 2. Members are requested to intimate change in their address to the company quoting their Folio Number and Postal Pin Code No.
- 3. Members are requested to bring their copies of Annual Report at the meeting as additional copies are not to be circulated in the meeting.
- 4. Members attending the meeting are requested to bring their Attendance Slips duly filed in and deliver the same at the entrance of the meeting.

ACCURATE TRANSFORMERS LTD.

5. Members seeking any information on the accounts and operations of the company are requested to write to the Company at least 10 days in advance from the date of the meeting so that required information may be made available to them at the meeting.
6. Register of Members and Share Transfer Books of the company will remain closed from 27th September, 2006 to 30th September, 2006 (both days inclusive)
7. Members are requested to Correspond directly with our Transfer Agent and Registrar (as mentioned in the Annual Report) for Transfer of Shares and Dematerialisation and any other matter concerned or related to shares. It would save time and help us in expediting the matters.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 1**

Mr. Mahir Kanti Basak was last appointed as Whole Time Director designated wholetime Director for a term of 5 years, which has expired on 30 June 2006. The Board has reappointed him w.e.f. 1 July 2006 for a period of 5 years. Mr. Mihir Kanti Basak is a B. E. (Electrical) and has more than 30 years of experience in the related areas with the leading industrial houses. He is actively involved day-to-day affairs of the company since Nov. 93. The re-appointment and remuneration payable to Mr. Mihir Kanti Basak are well within the ceiling laid down under Section 198, 269 and 309 of the companies Act, 1956.

None of the Director except Mr. Mihir Kanti Basak in any way, concerned or interested in the resolution.

The Board of directors of your company recommends this resolution for your approval.

Item No. 2

Mr. Om Pal Sharma was appointed as an additional Director for the company on 1st December 2005 under the article 36 of the Article of Association of the Company, by the Board of Directors. According to the provisions of the said Article read with provisions of Section 260 of the Companies Act, 1956, the director will hold office upto the date of this meeting.

The appointment and remuneration payable to Mr. Om Pal Sharma are well within the ceiling laid down under Section 198, 269 and 309 of the companies Act, 1956.

None of the Director except Mr. Om Pal Sharma in any way, concerned or interested in the resolution.

The Board of Directors of your company recommends this resolution for your approval.

None of the Directors except Mr. Om Pal Sharma in any way, concerned or interested in the resolution.

By order of the Board
for **ACCURATE TRANSFORMERS LIMITED**

Place : Delhi
Dated: 30th August, 2006

C.L. SHARMA
Chairman & Managing Director

ACCURATE TRANSFORMERS LTD.

DIRECTORS' REPORT

To,
The Members,
Accurate Transformers Limited.

Your Directors have pleasure in presenting their **EIGHTEENTH ANNUAL REPORT** on the Statement of Accounts of your company for the financial year ended 31st March' 2006.

Financial Results*(Rs. in Lakhs)*

	<i>Current Year (2005-2006)</i>	<i>Previous Year (2004-2005)</i>
Sales & Other Income	15101.73	10125.06
Profit before interest, Depreciation & Tax	775.81	465.27
Less Interest .	216.55	99.04
Depreciation	69.26	49.37
Profit before Tax	490.00	316.86
Less Provision for Tax (Current)	43.00	25.00
(Deferred)	(4.66)	1.22
(Previous Year)	1.04	9.76
(Fringe Benefits Tax)	8.38	—
Profit after Tax	442.24	280.88
Add Balance brought forward	953.27	672.40
Profit available for appropriation	1395.51	953.28

Apropriations

1. General Reserve	—	—
2. Surplus carried to Balance Sheet	1395.51	953.28
	1395.51	953.28

Operation

During the year under consideration, your company achieved a turnover of Rs. 15074.77 lakhs as against Rs. 10105.81 lakhs for the previous year. The net Profit after tax at Rs. 442.24 lakhs which is higher as compared to the Previous year of Rs. 280.88 lakhs. Your company accordingly has registered an increase of Rs. 4968.96 lakhs in turnover and Rs. 161.36 lakhs in net profit during the Financial Year 2005-2006.

Keeping int he view further diversification in the energy sector, your company has taken forward steps in the business of rural electrification being upcoming and thrust area under the Rajeev Gandhi Development program of the central government. As a result the company has got the substaintial business for the infplementation of two such projects one at Etah district of Uttar Pradesh and another at Nainital District of Uttaranchal. Both the projects are under implmentation phase and substantial work has already been completed. The Company has ambitious plans for the further development in energy sector, like distribution & generation in future period.

ACCURATE TRANSFORMERS LTD.***Dividend***

With a view to conserve the resources of the Company, the Directors regret their inability to declare dividend for the year ended on 31.03.2006. The accumulated profit is being carried forward in the Profit & Loss Account.

Directors

Shri K.L. Chauhan, Director retires by rotation at the ensuing Annual General Meeting & being eligible offers himself for re-appointment.

The Board of Directors of the Company has, subject to approval of shareholder appointed Sh. Om Pal Sharma as the additional Director of the Company w.e.f. 01.12.2005.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review ;
- (iii) That the Directors have taken proper and sufficient care 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;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2006 on a going concern basis.

Auditors' and Their Report

M/s S. Lal & Company, Chartered Accountants, the Statutory Auditors of the company will retire at the end of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The report of the Auditors on the accounts of your company for the period under report is appended elsewhere with this report. The observations made by them in their report, however, are self-explanatory and do not fall for any further comments under Section 217 of the Companies Act, 1956.

Fixed Deposits

Your company has not accepted any fresh deposit during 2004-2005.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.

The requisite information in regard to conservation of energy, technology absorption, foreign exchange earnings and outgo in terms of Section 217(1) (e) of Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure A annexed hereto which forms part of this report.

Particulars of Employees

Information as per Section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is 'Nil' as no employee of the company was in receipt of remuneration of Rs. 24.00 lakhs or more during the year ended 31st March, 2006 or Rs. 2,00,000/- or more per month during any part of the year.

Compliance of the Listing Agreements - Clause 32

Cash flow statement is annexed elsewhere and forms part of this report.

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Your company had entered into Listing Agreement with five Stock Exchanges and their names and addresses are set out in Annexure 'B' Annexed hereto which forms part of this report.

Industrial Relations

Industrial relations between employees and Management have remained very cordial during the period under report.

Acknowledgement

Your Directors wish to place on record their appreciation for dedicated efforts and contributions made by all the employees of the company during the year. Your Directors would also like to express their sincere gratitude for the valuable assistance, advice and support extended by the Government of India, State Governments, Financial Institutions and Stock Exchanges. The Directors would also like to thank the share holders, customers, suppliers and banks for the support they have given to the company and the confidence they have reposed in the Management.

Looking forward for a still brighter future.

On behalf of the Board of Directors

Place : Delhi
Dated : 17th July, 2006

C.L. SHARMA
Chairman & Managing Director