

22nd
ANNUAL REPORT
2009 - 2010



ACCURATE TRANSFORMERS LTD.

AN ISO 9001 COMPANY



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| Board of Directors | : Sh. C. L. Sharma, Chairman & Managing Director Sh. Deepak Sharma, Managing Director Sh. M. K. Basak, Whole Time Director (Upto 30-09-2009) Sh. K. L. Chauhan, Director Sh. Bhupal Singh, Director Dr. Om Prakash Sharma, Director (Upto 03-09-2010) Sh. Subhash Chander Sharma, Director (Appointed wef 03-09-2010) |
| Company Secretary | : Sh. Suraj Vishwakarma |
| Registered Office | : 8, L. S. C., Vardhman Sidhant Plaza, Savita Vihar, Delhi - 110 092 |
| Works | : 1. Meerut Road, Opp. Raj Nagar 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, Ranipur, 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 - 110 092 : Indusind Bank Dr. Gopal Das Bhawan, 28, Barakhamba Road, New Delhi - 110 001 |
| Registrar & Transfer Agent (RTA) | : MAS Services Ltd. T-34, IInd Floor, Okhla Industrial Area Phase -II New Delhi - 110 020 Tel : 011-26387281/82/83 |



NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of Accurate Transformers Limited will be held on Thursday, the 30th day of September, 2010 at 09.00A.M. at Surya Garden Farm House, Palla Bakhtawerpur Road, 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 2010, 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 K. L. Chauhan, who retires by rotation at this Annual General Meeting and being eligible, has offered 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 pursuant to Section 224 of the Companies Act, 1956 M/s S. Lal and Company, Chartered Accountants, the retiring Auditors of the Company be and are hereby re-appointed as the Statutory 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 in consultation with the Statutory Auditors.”

Special Business

1. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an **ORDINARY RESOLUTION** :

“RESOLVED THAT in accordance with the provisions of the Companies Act, 1956, Shri Subhash Chandra Sharma be and is hereby appointed as a Director of the Company liable to retire by rotation.”

2. To consider and, if thought fit, to pass with or without modification (s), the following as an **SPECIAL RESOLUTION** :-

“RESOLVED THAT pursuant to the provisions of section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to the provisions of the Memorandum and Articles of Association of the Company, Listing Agreement entered into by the Company with the Stock Exchanges where the



company's shares are listed, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations) as applicable for preferential issue of securities and other applicable regulations/guidelines of SEBI, if any, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (GOI), SEBI and any other competent or concerned authority and subject to such approvals, permissions, consents and sanctions, if any, as may be required to be obtained from Securities and Exchange Board of India, Stock Exchange(s) and such other concerned authorities as may be required by law or as may be necessary and further subject to such conditions and modifications as may be imposed / prescribed by them while granting such approvals / permissions / consents / approvals and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which expressions shall be deemed to include any Committee of Directors which the Board may have constituted or hereafter constitute, duly authorized to exercise the powers conferred on the Board by this resolution), the Board be and is hereby authorized to offer, issue and allot for cash consideration on preferential basis up to 148,000 (One Lacs Forty Eight Thousand Only) warrants convertible into Equity Shares of the company within 18 months from the date of allotment at a price of Rs 107.00 (Rs. One Hundred And Seven Only) determined as per the SEBI ICDR Regulations for preferential issues aggregating to Rs. 15,836,000/- (Rupees One Crores Fifty Eight Lac Thirty Six Thousands Only) to promoters of the company, as per details given hereunder, each warrant convertible into 1 (one) Equity share of Rs. 10/- (Rupees Ten Only) each fully paid up at a premium of Rs.97/- (Rs. Ninety Seven Only) per share. "

| S .No. | Name of Proposed Allottee | No. of Warrants to be allotted |
|---------------|----------------------------------|---------------------------------------|
| 1 | Mr. C. L. Sharma | 74,000 |
| 2 | Mr. Deepak Sharma | 74,000 |
| Total | | 1,48,000 |

"RESOLVED FURTHER THAT the warrant holders shall have the option of subscribing for one equity share per warrant of Rs 10/- (Rupees Ten Only) being the price determined in accordance with the SEBI ICDR Regulations on preferential issue as in force on the date of this notice any time within 18 months from the date of allotment of the warrants."



“RESOLVED FURTHER THAT the Board is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of warrants as may be necessary in accordance with the terms of the offer and subject to the provisions of the company’s Articles of Association.”

“RESOLVED FURTHER THAT the equity shares allotted on conversion of warrants shall rank paripassu in all respects with the existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters, things, accept modifications as may be required by any Regulatory Authority and execute all such deeds, documents, instruments and writing as it may in its absolute discretion deem necessary or desirable and pay fees and other expenses in relation thereto.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers or authorities herein conferred to any Committee of Directors as may be formed by them for the said allotment”.

Registered Office

8, L.S.C, Vardhman Sidhant Plaza
Savita Vihar
Delhi – 110 092

By order of the Board
For **Accurate Transformers Ltd**

Suraj Vishwakarma
Company Secretary

Dated: 03rd September, 2010

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 the 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. The blank proxy form is enclosed.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 forms part of this Notice.
3. Register of Members and Share Transfer Books of the Company will remain closed from Friday, 24th September to Thursday, 30th September 2010 (both days inclusive).



4. 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.
5. Members are requested to correspond directly with our Registrar and Transfer Agent 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 services to shareholders.
6. Members are requested to intimate change in their address, if any, to the Company quoting their Folio Number and Postal Pin Code No.
7. Members are requested to bring their copies of Annual Report at the meeting as additional copies are not to be circulated in the meeting.
8. Members attending the meeting are requested to bring their Attendance Slips duly filled in 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. 1 OF SPECIAL BUSINESS

- i) Shri Subhash Chandra Sharma was appointed as an Additional Director of the Company by the Board at the Board Meeting held on 3rd September, 2010.
- ii) As per Section 260 of the Companies Act, 1956, he shall hold office up to the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a Member proposing Shri Subhash Chandra Sharma for appointment to the Office of Director along with a deposit of Rs. 500/-, hence the proposed Resolution.
- iii) Shri Subhash Chandra Sharma is a Businessman by occupation having vast industrial experience of over 20 years in the manufacturing of Transformers, Electrical Equipments, etc.
- iv) Your Directors recommend for the appointment of Shri Subhash Chandra Sharma as Director on the Board of your Company.

Except Shri Subhash Chandra Sharma none of the Director is concerned or interested in this Resolution

**ITEM NO. 2 OF SPECIAL BUSINESS****i) The objects of the issue through preferential offer :**

The Company proposes to augment long-term finance to meet the funding requirements for on-going capital expenditure arising out of growth in company's business and /or margin for working capital requirements. The Company's business has been growing at the rate of 20% to 30% per annum for the last few years and this growth momentum necessitates upgrading/expanding the manufacturing facilities. The Company would need over Rs. 100 Crores for this purpose in the next 2-3 years. The strengthening of the capital base would also enhance the company's ability to participate in tendering and execution of large projects. Therefore, the company now proposes to issue 148,000 (One Lac Forty Eight Thousands Only) warrants to promoters of the company as per details given below:

| S .No. | Name of Proposed Allottee | No. of Warrants to be allotted |
|---------------|----------------------------------|---------------------------------------|
| 1 | Mr. C. L. Sharma | 74,000 |
| 2 | Mr. Deepak Sharma | 74,000 |
| Total | | 1,48,000 |

convertible into equity shares any time within a period of 18 months from the date of allotment to the promoters on preferential basis at a price derived as per SEBI (ICDR) Regulations for Preferential Issue. The brief details of utilization of proceeds of preferential issue are as under:

Capital Expenditure, Loan Term Working Capital and / or
Margin for working capital - Rs. 50 crores

ii) Relevant Date: 31-08-2010

As per SEBI (ICDR) Regulations, 2009 the price for equity shares to be issued on conversion of warrants has been determined at Rs 107/- (Rs. One Hundred Seven only) per share on the relevant date, based on criteria laid down in the said Regulations. The issue price of Rs.107 (Rs.One Hundred Seven only) per share is therefore not less than the price determined as per the said guidelines. A certificate to the effect that the preferential issue is in accordance with the SEBI (ICDR) Regulations, 2009 has been obtained from the Auditors of the Company, which is



available for inspection at the Registered Office of the Company and will also be placed before the shareholders at the Annual General Meeting

- iii) All the proposed allottees have confirmed their intention to subscribe to the preferential offer of respective warrants to be allotted to them.

iv) **Shareholding pattern before and after the offer**

The shareholding pattern before and after the completion of the proposed preferential issue would be as under :

| S. No. | CATEGORY | PRE-ISSUE | | POST-ISSUE | |
|--------|--------------------------------------|------------------|-----------------------|------------------|-----------------------|
| | | No. of Shares | %age in total Capital | No. of Shares | %age in total Capital |
| 1. | Promoters Group | 1,292,860 | 43.51 | 1,440,860 | 46.19 |
| 2. | Non-Promoters: | | | | |
| a) | Institutional Investors | | | | |
| b) | Mutual Funds & Venture Capital funds | — | — | — | — |
| c) | Banks and Financial Institutions | — | — | — | — |
| d) | FIs | — | — | — | — |
| e) | Private Corporate Bodies | 1,72,414 | 5.80 | 172,414 | 5.53 |
| f) | NRIs | — | — | — | — |
| g) | Indian Public | 1,506,426 | 50.69 | 1,506,426 | 48.29 |
| h) | Any other | — | — | — | — |
| | Sub Total | 1,678,040 | 56.49 | 1,678,440 | 53.81 |
| | Grand Total | 2,971,700 | 100.00 | 3,119,700 | 100.00 |



Note : Since the allotment is of warrants convertible into equity shares, the shareholding pattern has been prepared presuming all the warrants are converted into equity shares. Each warrant is convertible into one equity share. The warrant holders can exercise the option to convert their warrants into equity shares any time within a period of 18 months from the date of allotment

v) **Proposed time with which the allotment shall be completed**

The allotment of warrants shall be completed within 15 (fifteen) days from the date of passing of the special resolution by the members, provided that where the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 (fifteen) days from the date of such approval.

vi) **Identify the proposed allottees and the percentage of post-preferential issue capital that may be held by them.**

As stated earlier, the preferential allotment of warrants convertible into equity shares is proposed to be made to the entities forming part of the Promoters Group

The percentage that may be held by the allottees in pre-issue and post-issue capital on conversion of warrants shall be as under :

| S. No. | CATEGORY | PRE-ISSUE | | POST-ISSUE | |
|--------|-------------------|----------------|-----------------------|------------------|-----------------------|
| | | No. of Shares | %age in total Capital | No. of Shares | %age in total Capital |
| 1. | Mr. C. L. Sharma | 800,660 | 26.94 | 874,660 | 28.04 |
| 2. | Mr. Deepak Sharma | 119,500 | 4.02 | 193,500 | 6.20 |
| | Total | 920,160 | 30.96 | 1,068,160 | 34.24 |

vii) **Lock-in-period :**

The warrants/equity shares issued on conversion of warrants shall be subject to lock-in as per the SEBI (ICDR) Regulations for Preferential Issue to Promoters for the time being in force.