



**ANNUAL REPORT 2009-2010**

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SHILCHAR  
TECHNOLOGIES LIMITED



## **Corporate Information**

### **BOARD OF DIRECTORS**

Mr. Jitendra C. Shah  
Mr. Alay J. Shah  
Mr. Ashesh J. Shah  
Mr. O. P. Khanna  
Mr. Mukesh D. Patel  
Mr. Kirtikant P. Shah  
Mr. Rajesh Varma

Chairman  
Managing Director

### **BANKERS**

Bank of Baroda  
Standard Chartered Bank

### **AUDITORS**

Naresh & Company  
Chartered Accountants  
2<sup>nd</sup> Floor, Citi Enclave  
Opp. Polo Ground  
Vadodara

### **REGISTERED OFFICE**

Bil Road, Bil - 391 410  
Dist. Vadodara, (India)

### **REGISTER & TRANSFER AGENT**

MCS LIMITED  
Neelam Appartment,  
88, Sampatrao Colony,  
R. C. Dutt Road,  
Alkapuri,  
Baroda - 390 007.

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## NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of members of Shilchar Technologies Limited will be held at the Registered office of the Company at Bil Road, Bil - 391 410, Dist. Vadodara on Wednesday, the 28<sup>th</sup> day of July, 2010 at 3.00 p.m. to transact the following business :

### Ordinary Business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 Balance Sheet as at that date together with reports of the Directors and the Auditors thereon.
2. To declare a Dividend on equity shares of the Company for the year ended 31<sup>st</sup> March, 2010.
3. To appoint a Director in place of Mr. Mukesh D. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jitendra C. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint the Auditors of the company having their firm's Registration Number 106928W to hold office from conclusion this meeting until the conclusion of the next annual general meeting and to fix their remuneration.

### Special Business:

6. 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 of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act' including any modification (s) or re-enactments (s) thereof for the time being in force), the Company hereby accords its consent and approval to the re-appointment and payment of remuneration to Mr. Alay J. Shah as Managing Director of the Company, to act as such for a further period of five years from the date of expiry of his present term i.e from 1<sup>st</sup> October, 2010 to 30.09.2015 with substantial powers of management as of a Managing Director as defined under section 2(26) of the said Act, but subject to the superintendence, direction and control of the Board of Directors, upon the remuneration ( including the remuneration to be paid in the event of inadequacy of profits in any financial year) and terms and conditions as set out herein below and also in the draft agreement to be entered into between the Company and Mr. Alay J. Shah, a copy whereof initialed by the Director for the purpose of identification has been placed before this meeting, which agreement is hereby specifically approved with the power to the Board of Directors (which term shall be deemed to include Remuneration Committee for the time being and from time to time) to vary, alter, modify or determine the terms and conditions of the aforesaid appointment and remuneration payable from time to time as they deem fit and as may be agreed to by Mr. Alay J. Shah.

1. **Period of Appointment:**

From 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2015.

2. **Remuneration:**

- By way of Salary, not exceeding Rs. 2,00,000/- p.m. with annual increment at such rate as may be approved by the Board of Directors.



- In addition to the salary, Mr. Alay J. Shah shall also be entitled to perquisites and allowances including conveyance allowance, entertainment allowance, special allowance, annual bonus/ex-gratia, leave travel assistance for self and family, education assistance, medical reimbursement, club fees, personal accident insurance, use of Company car with driver for official purposes, telephone at residence, contribution to provident fund, superannuation fund, payment of gratuity, leave encashment at the end of the tenure and any other allowance and reimbursement as may be agreed upon between the Managing Director and the Company from time to time. Provided that the said perquisites and allowances shall be valued as per the Income Tax rules / norms, wherever applicable. In the absence of any such rules, the perquisites and allowances shall be evaluated at actual cost.
- In addition to salary, perquisites and allowances payable, Mr. Alay J. Shah, Managing Director shall also be entitled to annually receive Commission, as may be decided by the Board of Directors at the end of each financial year, calculated with reference to the net profits of the Company.

**3. Overall Remuneration:**

Provided further that the aggregate amount of remuneration covering salary, allowances, perquisites and commission payable to the said Managing Director and in aggregate to all such Directors should not exceed the prescribed percentage of the Net profit of the Company in each year as provided under Sections 198 and 309 of the Act read with schedule XIII of the Companies Act, 1956.

**4. Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of Mr. Alay J. Shah, if the Company has no profits or its profits are inadequate, the Company will pay the minimum remuneration by way of salary, perquisites and allowances, as specified above, which shall be governed by the limits prescribed under Schedule XIII [Section II.—Part II (B)] of the Companies Act, 1956 and any amendments thereto.

**5. Entrusted Duties:**

Subject to the supervision and control of the Board of Directors of the Company, the Managing Director shall look after the day to day affairs and overall operations of the Company and shall carry out such other duties as may be entrusted to him by the Board of Directors from time to time.

**6. Confidentiality:**

Mr. Alay J. Shah will perform his duties truly and comply with the directives given to him from time to time by the Board, and further not disclose to any person, firm or Company any confidential information.

**7. Not Liable to Retire by Rotation:**

During his tenure as Managing Director of the Company, the office of Mr. Alay J. Shah shall not be reckoned for the purpose of arriving Directors liable to retire by rotation.



**8. Sitting Fees:**

As long as Mr. Alay J. Shah functions as Managing Director, he will not be paid any sitting fees for attending the meetings of the Board of Directors or any committee(s) thereof.

**9. Re-imbusement of Expenses, Costs etc.:**

Mr. Alay J. shah shall be entitled to be paid / reimbursed all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.

**10. Termination:**

Either party shall have liberty to terminate the aforesaid appointment, by giving six months notice in writing to the other.

**11. Arbitration:**

Disputes to be settled by arbitration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution."

7. To consider and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the holding and continuing to hold an office or place of profit under the Company by Ms. Shilpa Alay Shah, relative of Mr. Alay Shah, Mr. Jitendra C. Shah and Mr. Ashesh J. Shah, Directors, who is appointed by the Board as Vice President (Administration) on a remuneration not exceeding Rs. 1.50 lacs per month with effect from 1<sup>st</sup> April, 2010.

By order of the Board of Directors  
For **SHILCHAR TECHNOLOGIES LIMITED**

Place: Bil, Dist. Vadodara  
Date: 28.04.2010

**ALAY SHAH**  
**MANAGING DIRECTOR**



**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING
2. The explanatory Statement, relating to Special Business mentioned in items no. 6 & 7 of the Notice, as required under Section 173 (2) of the Companies Act, 1956, is attached herewith.
3. The Register of Members and Share Transfer Books of the company will remain closed from **Monday, 26.07.2010 to Wednesday, 28.07.2010 (both days inclusive)**.
4. Members are requested to intimate quoting their Folio number, the change of their address, along with PIN Code Number, if any, and PAN/GIR Number with IT Ward/Range/District immediately to the Company.
5. Members who are holding Equity Shares in identical order of names in more than one Folio are requested to write to the Company to enable them to consolidate their holdings in one Folio.
6. All requests for transfer of Equity Shares and allied matters along with the relevant transfer deeds and shares certificates should preferably be sent direct to the Company.
7. Members are requested to intimate the Company of queries, if any, regarding these accounts / notice at least ten days before the Annual General Meeting to enable the Management to keep the information ready at the meeting.
8. Shareholders are requested to indicate their bank account details viz. type of account, account number, banker's name and address to enable the Company to record the mandate and forward future Dividend Warrant / refund order, etc. in such name to the Shareholders to reduce the mal-practices of theft of Warrants / Orders. Such information may please be sent to the Registered Office of the Company.
9. Members are hereby informed that dividends for the financial year 2005-06, 2006-07, 2007-08 and 2008-09 remaining unpaid or unclaimed over a period of seven years from the date of transfer of such dividends to the respective Unpaid Dividend Account of the Company have to be transferred by the Company to the Investor Education and Protection Fund pursuant to Section 205A and 205C of the Companies Act, 1956. Members are requested to encash their Dividend Warrants for these years, if not already done after getting them revalidated from the Company.

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

#### Item No. 6

Mr. Alay J. Shah was lastly re-appointed as Managing Director for a period of three years with effect from 1<sup>st</sup> October, 2007. The members of the Company had approved the said reappointment and terms of remuneration payable to Mr. Alay J. Shah in their Annual General Meeting held on 22.9.2007. The present tenure of Mr. Alay J. Shah, Managing Director will expire on 30<sup>th</sup> September, 2010. In view of his excellent leadership and contribution to the growth and performance of the Company, the Remuneration Committee and the Board of Directors at their respective Meetings held on 28th April, 2010 approved the re-appointment of Mr. Alay J. Shah, Managing Director for a further period of 5 years from 1<sup>st</sup> October, 2010 on remunerations, terms and conditions contained in the draft agreement placed before this meeting.

Shri Alay J. Shah is the son of Mr. Jitendra Shah, the Chairman and founder Director of the Company. He has been associated with the Company as one of the Promoter Directors since its incorporation. He is a bachelor of science with specialization in electronics and possesses more than 18 years of experience in the various areas of business including production, finance, marketing and administration. He has been holding Directorship in E Cube India Solutions Ltd., a group company. Besides, he holds membership in Share Transfer Committee of the Company and attends meetings of the Audit Committee as Invitee.

Mr. Alay J. Shah has been shouldering the responsibility of Managing Director since 1991. During his tenure, the Company has, year after year, achieved sizeable turnover, profitability and also dividend payout since 2005-06. In addition to look after and monitor day to day affairs, he was instrumental and played a pivoted role in timely execution of expansion programme completed in the year 2006-07. The year 2008-09 was unfortunate year in the corporate history but with his untiring efforts and business acumen he once again put the Company on the path of growth and produced substantial improvement in the turnover in the current year. He currently oversees manufacturing activities, projects, international sales, materials management and corporate finance of the Company.

The varied experience, leadership qualities and excellent managerial capability will continue to contribute to the growth of the Company.

Mr. Alay J. Shah holds 10,85,095 equity shares of the Company. Except for E-cube India Solutions Limited, he is not a director or Committee member of any other company.

The particulars set above may be treated as an abstract of the terms of appointment of Mr. Alay J. Shah as Managing Director of the Company as required to be given under the provisions of section 302(2) of the Companies Act, 1956.



The copy of the draft Agreement as referred to in the resolution will be available for inspection by the members at the Registered Office of the Company on all working days between 10.00 a.m. to 1.00 p.m. except Saturdays and holidays.

Mr. Alay J. Shah himself and Mr. Jitendra Shah, Chairman and Mr. Ashesh Shah, Director who are relatives of Mr. Alay J. Shah are only deemed to be considered as interested directors.

The Board of Directors feels that aforesaid re-appointment of Mr. Alay J. Shah as Managing Director is in the interest of the Company and therefore, recommends the resolution set out at item no. 6 of this notice.

#### **Item No. 7**

Ms. Shilpaben Alay Shah, aged 44 years is a Bachelor of Engineering (Metallurgy) from M S University of Vadodara. She was appointed as Manager-Administration in the Company w.e.f 01.04.2002 and with her knowledge, experience and zeal, contributed significantly in the area of business administration and other day to day operations. Considering her involvement and responsibilities being shouldered by her, the Board of Directors has thought fit to elevate her designation to Vice-President (Administration) with upward revision in her remuneration.

Mr. Alay Shah, Mr. Jitendra C. Shah and Mr. Ashesh J. Shah, Directors of the Company are relatives of Ms. Shilpa Alay Shah and hence, she is deemed to hold an office or place of profit under Section 314 of the Companies Act, 1956. Therefore, approval of the members by way of Special Resolution is required.

Mr. Alay Shah, Mr. Jitendra C. Shah and Mr. Ashesh J. Shah, Directors being relatives are deemed to be concerned or interested in the said resolution. None of the other directors is in any way concerned or interested in the resolution.

The Directors recommends the passing of the special resolution proposed at item no. 7 of the accompanying Notice.

By order of the Board of Directors  
For SHILCHAR TECHNOLOGIES LIMITED

Place: Bil, Dist. Vadodara  
Date: 28.04.2010

**ALAY SHAH**  
**MANAGING DIRECTOR**





**Details of Directors seeking re-appointment at the forthcoming Annual General Meeting  
(Pursuant to Clause 49 of the Listing Agreement)**

<b>Name of Director</b>	<b>Shri Mukesh D. Patel</b>		<b>Shri Jitendra C. Shah</b>
Date of Birth	12.12.1949		16.09.1937
Date of Appointment	01.01.1995		30.07.2003
Expertise in Specific	Industrialist		Industrialist
Functional Area			
Qualifications	B.S. (Chemical Engineering)		M.A. (Economics)
Directors in other public limited companies	Transpek Finance Limited Transpek Industry Ltd Punjab Chemicals & Crop Protection Ltd. Banco Products (India) Ltd Gujarat Automotive Gears Limited Universal Esters Limited Infinity Consultants Limited Torrential Investments Pvt. Limited		E Cube India Solutions Limited
Other positions	NIL		NIL
Membership of committees in other public limited companies	Transpek Industries Ltd Punjab Chemicals & Crop Protection Ltd	Audit Committee	NIL
	Transpek Finance Ltd Punjab Chemicals & Crop Protection Ltd Transpek Industry Ltd	Shareholders & Investors Grievance Committee	
	Transpek Industries Ltd Punjab Chemicals & Crop Protection Ltd	Remuneration Committee	
Shares held in the company	NIL		100



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Fourth Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 2010.

### 1. Financial Results

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
Sales (net of excise duty) and other income	7108.33	4712.58
Profit Before Interest and Depreciation	590.56	265.26
Less :		
a) Interest	206.68	166.38
b) Depreciation	95.46	95.33
<b>PROFIT / LOSS BEFORE TAX &amp; EXTRA ORDINARY ITEMS</b>	<b>288.42</b>	<b>3.55</b>
Add : Interest on I.T.Refunds	0.45	0.00
Add : Excess Provision written back	0.18	0.35
Less : Prior year's I T Adjustments	44.21	(2.62)
Less : Foreign currency Monetary Item Translation		
Difference Account Write Off	2.70	0.00
<b>PROFIT BEFORE TAXATION</b>	<b>242.14</b>	<b>6.52</b>
Provision for Tax - Current	80.00	0.74
- FBT	0.00	2.20
- Deferred	8.60	1.41
<b>PROFIT AFTER TAX</b>	<b>153.54</b>	<b>2.17</b>
Balance brought forward from previous year	760.24	790.59
Amount available for appropriation	<b>913.78</b>	<b>792.76</b>
<b>APPROPRIATION</b>		
Transfer to Foreign currency Monetary Item Translation Difference	0.00	10.21
Proposed Dividend on Equity Share	38.13	19.07
Corporate Dividend Tax on above	6.48	3.24
Balance Carried over to next year	<b>869.17</b>	<b>760.24</b>



## 2. Dividend:

Your Directors recommend 10% Dividend on Company's paid up equity share capital comprising of 38,13,400 equity shares of Rs. 10/- each. Thus, the total dividend outgo for the current fiscal will amount to Rs. 44.62 lacs including dividend distribution tax of Rs. 6.49 lacs as against Rs. 22.30 lacs including dividend distribution tax of Rs. 3.24 lacs in the previous year.

## 3. Operational Highlights:

India has shown a remarkable resilience in recovering from the global economic slow down. The GDP growth which plunged from three year's average of over 9 per cent to 6.7 per cent in 2008-09 is moved up at around 7.2 per cent in 2009-10. India's exports have been expanding since October, 2009. Similarly industrial sector recovery is increasingly becoming broad based. Corporate sector has also recorded improved profitability. Service Sector activities have shown buoyancy. Besides, there is a sustained increase in bank credit. The Reserve Bank of India, the apex bank has optimistically place GDP growth rate at 8% for the FY 2010-11.

Although the fiscal year 2009-10 did not witness any colorful ups and downs but it has wonderfully scored in one respect, by bringing in and providing stability and growth momentum to the Indian economy. On downside risks, the uncertainty still persisted about the pace and shape of global recovery and private demand in major advanced economies. The peaked inflation and hardening of energy prices are causing concern. However, with the kind of visionary support extended and zeal shown by the government in pushing forward the reforms agenda during such tough time, this would surely help Industries and other sectors to excel in their respective performances and to successfully meet with all types of challenges.

During the year under review, your Company has regained its position what it was in 2007-08 and achieved Sales of Rs.7108.33 lacs as against Rs.4712.58 lacs in the preceding year, showing volume growth of 50.84%. Out of the total sales, the Company has achieved sales worth Rs.5787.10 lacs towards sales of Distribution Transformers which accounts for 81.41% of total sales. The exports of the Company grew marginally from Rs. 844.57 lacs in the previous year to Rs. 846.44 lacs in the current year. However, the Company has made headway in exporting distribution transformers which constitutes almost 42% of the exports sales. The Company has recorded a net profit of Rs. 153.54 lacs from Rs. 2.17 lacs in the financial year ended 2008-09. The operating margins for the financial year ended 2009-10 were at Rs.242.14 lacs as compared to Rs.6.52 lacs in the previous year. This healthy performance will certainly help the Company in accelerating its growth in the current fiscal year.

## 4. Accreditation :

Your Directors are pleased to inform you that during the year under review, your Company has participated in the Bureau of Energy Efficiency's Voluntary Scheme for energy efficiency labeling, May, 2006 (Scheme) and has been authorized by the said Bureau for using three (3) Star Rating labels on its Distribution Transformers with the capacity of 25KVA / 63KVA / 100KVA and 200KVA, respectively.

The Company is also holding ISO 9001:2000 Certificate since September, 2004 for quality systems in relation to its factory located at village Bil, District Vadodara in the State of Gujarat.

## 5. Finance:

The Company has adequately arranged its fund based and non fund based working capital requirements from Bank of Baroda and Standard Chartered Bank, respectively. During the year under review, the Company was comfortable in meeting its financial requirements. Effective financial measures have been continued to reduce cost of interest and bank charges.



## 6. Employee Stock Option Scheme:

Member's approval was obtained at the Annual General Meeting held on 30.07.2009 for introduction of Employees Stock Option Scheme (ESOS)-2009. However, considering low response from employees as well as low volume of trading of shares, the Remuneration Committee decided not to implement the said stock option scheme till further decision taken in this regard. Hence, during the FY 2009-10, the Company did not have any stock option scheme.

## 7. Management Discussion and Analysis:

The Management Discussion and Analysis Report is appended as Annexure-1 to this Report.

## 8. Corporate Governance:

A separate Section on Corporate Governance is included in the Annual Report and the certificate from the Company's Auditors confirming the compliances of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is annexed thereto, which forms part of the Director's Report.

## 9. Directors:

Mr. Mukesh D. Patel and Mr. Jitendra C. Shah retire by rotation, and being eligible, offer themselves for re-appointment.

## 10. Auditors:

The Auditors, M/s. Naresh and Co., Chartered Accountants, Vadodara retire at the conclusion of the forthcoming Annual General Meeting and being eligible have expressed their willingness to be re-appointed. The Company has received a Certificate from M/s. Naresh and Company to the effect that their re-appointment, if made, will be within the limit prescribed under Section 224(1B) of the Companies Act, 1956. The statutory auditors have also confirmed that they hold a valid certificate issued by the "Peer Review Board" of the Institute of Chartered Accountants of India.

## 11. Auditor's Report:

The Auditor's Report is self explanatory and does not require any further clarifications.

## 12. Fixed Deposits:

Your Company has not accepted any fixed deposits.

## 13. Energy, Technology and Foreign Exchange:

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are given vide Annexure-2 and forms part of this Report.



**14. Particulars of Employees:**

The statement of Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable to the company.

**15. Directors' Responsibility Statement:**

The Directors state that:

(i) in the preparation of the annual accounts for the financial year ended 2009-10, the applicable accounting standards had been followed along with proper explanation relating to material departures ;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 2009-10 and of the profit or loss of the Company for that period ;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for that period ;

(iv) the Directors had prepared the annual accounts on a going concern basis.

**16. Compliance Certificate:**

The Company has obtained a compliance certificate as required u/s. 383A of the Companies Act, 1956 which is attached herewith, forming part of this report.

**17. Personnel / Industrial relations:**

During the period under review, the personal and industrial relations with the employees remained cordial in all respects.

**18. Acknowledgement:**

Your Directors wish to place on record their deep appreciation and thanks to all the Banks, Central and State Government and Local Authorities and all stakeholders for their continued co-operation in the progress of your Company.

Your Directors also wish to place on record their wholehearted thanks for the dedicated services rendered by the employees of the Company.

By order of the Board of Directors  
For SHILCHAR TECHNOLOGIES LIMITED

Place: Bil, Dist. Vadodara  
Date: 28.04.2010

JITENDRA C. SHAH  
CHAIRMAN



## **Annexure-1 to the Director's Report 2009-10**

### **Management Discussion and Analysis**

#### **a) Industry Overview**

The power sector value chain comprises three elements-Generation, Transmission and Distribution. A reliable transmission and distribution (T&D) system is important for transfer of power fro generating stations to local centers. A (T&D) system comprises of transmission lines, transformers, substations, switching stations and distribution lines. In India, the T&D system is largely controlled by State Electricity Boards (SEBs).

A transformer is a voltage changer. The Transformer Industry is usually divided into Power Transformers, Distribution Transformers and other types of special transformers for welding, traction, furnace etc. Electricity generated at a power plant is transmitted to the nearest grid via step-up transformers and then to the state grid via step-up or step-down transformers (called as power transformers). Then it is transmitted to a power station via step-down transformers. Finally, distribution transformers are used to transmit power from the sub-transmission point to end users.

The health of the Transformer Industry is closely related to the Power generation sector. The major customers for transformers are the SEBs, utilities and industries.

The Transformer Industry in India has evolved and now has a well matured technology base upto 800 KV class and capacity to manufacture a wide range of transformers. Today, about 95% of the transformers installed in the Indian Power Network are of indigenous origin. In fact, energy efficient transformers with low losses and low noise levels are also now available to meet international requirements. Unfortunately, the investments in and growth of Transmission, sub-Transmission and Distribution Systems have not matched the increase in power generating capacity. Due to lack of region and inter regional links, absorption network and evacuation facilities, the surplus capacity is idling, more particularly in the eastern region.

India's Transformer Industry is predominantly unorganized with many small players catering to the smaller distribution transformers market. However, with times changing, many of them have graduated to the medium size category, thereby expanding the organized players' base.

The Industry comes under purview of Department of Heavy Industries and is eligible for 100 per cent Foreign Direct Investments (FDI).

#### **b) Opportunities**

India has set for itself ambitious targets of investments in the power sector, in view of the significant power deficit and sustaining the economic growth momentum. The momentum of capacity addition is expected to improve in the later half of the 11<sup>th</sup> Plan (2007-2012) and continue at a higher rate during the 12<sup>th</sup> plan, with large capacity additions lined up by the private sector. With the huge power plants coming up, the need for transmission will drive demand for step-up/down transformers. Significant opportunities are available in 400Kv, 220Kv and 132 Kv classes.

Power Grid Corporation of India (PGCIL) plans to increase interregional transmission capacity (national grid) from 16,450 MW in 2007 to 37,150 MW by 2012, a CAGR of 18% over 2007-12. The funding issues for the same have been taken care by the World Bank (WB) and Asian Development



Bank (ADB). Moreover, Power Sector reforms and the enlargement of the distribution network under the Accelerated Power Development and Reforms Programme (APDRP) is driving the growth and strengthening of sub-transmission lines and brought about significant opportunities for the Transformer Industry.

The Government of India has launched the "Power for all by 2012" program which targets adding about 54,000 MW and 1,00,000 MW of power generation capacity by 11<sup>th</sup> and 12<sup>th</sup> plan periods, respectively. This will generate substantial demand for transformers.

Investments in Power Sector by the Private Players has recorded strong growth from 2006 onwards. Although global financial crisis has slow down new project announcements, considering the current trend, significant investments is likely to be happened in near future, which will surely boost the demand for the Industry. As a matter of fact, understanding the importance of private participation for the growth of the market, the Indian Government is actively taking steps to encourage increased private investment. With measures such as the Electricity Act of 2003, the government has made the unbundling of State Electricity Boards (SEBs) and open access to power distribution compulsory by 2009, thereby erasing the uncertainties of private investors.

Approximately 97,456 MVA of transformer capacity was added during 1983-87 and 2,38,150 MVA during 1987-91. As average life of a transformer is 25 years, those transformers become obsolete and they are expected to be replaced during 11<sup>th</sup> and 12<sup>th</sup> period.

Further demand for transformers will be generated by the foreign market in three ways:

- The replacement demand from the developed countries such as USA and European countries.
- The ongoing power infrastructure projects in the developing countries.
- Multinational companies have established their subsidiaries in India due to comparative cost advantage. These companies are also expected to outsource their requirement for transformers from Indian subsidiaries. Besides, demand is also expected to come from Industrial, real estate (residential and commercial), UMPPs and captive power plants.

### **Threats**

Over past five years, the transformer manufacturers have built up sizeable capacity in the Industry. Considering the demand-supply mismatch and increased competition, the realization is expected to drop and in turn impact the profitability of the Company.

The growing presence of global participants in the Indian power and distribution transformers market is a cause for concern for local manufacturers. Multinational manufacturers have expertise in segments such as extra high voltage (EHV) power transformers and unitized substation technologies. Moreover, low investment in transformer research and development (R&D) in India poses a challenge to domestic participants that eventually tie-up with multinational giants for high-end technologies.

The Industry is raw material intensive, which accounts for over 70 percent of the cost of a transformer. The quality of raw material used is also very vital in deciding performance of the transformer in terms of power losses.



## **Annexure-1 to the Director's Report 2009-10**

### **Management Discussion and Analysis**

#### **a) Industry Overview**

The power sector value chain comprises three elements-Generation, Transmission and Distribution. A reliable transmission and distribution (T&D) system is important for transfer of power from generating stations to local centers. A (T&D) system comprises of transmission lines, transformers, substations, switching stations and distribution lines. In India, the T&D system is largely controlled by State Electricity Boards (SEBs).

A transformer is a voltage changer. The Transformer Industry is usually divided into Power Transformers, Distribution Transformers and other types of special transformers for welding, traction, furnace etc. Electricity generated at a power plant is transmitted to the nearest grid via step-up transformers and then to the state grid via step-up or step-down transformers (called as power transformers). Then it is transmitted to a power station via step-down transformers. Finally, distribution transformers are used to transmit power from the sub-transmission point to end users.

The health of the Transformer Industry is closely related to the Power generation sector. The major customers for transformers are the SEBs, utilities and industries.

The Transformer Industry in India has evolved and now has a well matured technology base upto 800 KV class and capacity to manufacture a wide range of transformers. Today, about 95% of the transformers installed in the Indian Power Network are of indigenous origin. In fact, energy efficient transformers with low losses and low noise levels are also now available to meet international requirements. Unfortunately, the investments in and growth of Transmission, sub-Transmission and Distribution Systems have not matched the increase in power generating capacity. Due to lack of region and inter regional links, absorption network and evacuation facilities, the surplus capacity is idling, more particularly in the eastern region.

India's Transformer Industry is predominantly unorganized with many small players catering to the smaller distribution transformers market. However, with times changing, many of them have graduated to the medium size category, thereby expanding the organized players' base.

The Industry comes under purview of Department of Heavy Industries and is eligible for 100 per cent Foreign Direct Investments (FDI).

#### **b) Opportunities**

India has set for itself ambitious targets of investments in the power sector, in view of the significant power deficit and sustaining the economic growth momentum. The momentum of capacity addition is expected to improve in the later half of the 11<sup>th</sup> Plan (2007-2012) and continue at a higher rate during the 12<sup>th</sup> plan, with large capacity additions lined up by the private sector. With the huge power plants coming up, the need for transmission will drive demand for step-up/down transformers. Significant opportunities are available in 400Kv, 220Kv and 132 Kv classes.

Power Grid Corporation of India (PGCIL) plans to increase interregional transmission capacity (national grid) from 16,450 MW in 2007 to 37,150 MW by 2012, a CAGR of 18% over 2007-12. The funding issues for the same have been taken care by the World Bank (WB) and Asian Development





Cold Rolled Grain Oriented Steel (CRGO) is a critical input for transformers, constitutes almost 35% of the raw material cost. CRGO is not manufactured in India due to higher manufacturing cost and has to be imported. Indian manufacturers including the Company are thus exposed to possible constraints on timely availability of CRGO.

Apart from CRGO other major raw materials are Copper and Steel which are cyclic in nature. Fluctuations in their prices can affect margins of transformer manufacturers.

Indian transformer Industry has limited testing facility up to 90MVA level. At present all high capacity transformers are sent to KEMA, a Netherland based electrical equipment testing organization. This delays the delivery of transformers by 5 -9 months. In addition, the global price hike in transformer other raw materials such as copper, aluminum, and oil resulted in the increase in transformer prices in India.

The industry is very highly depending on government program to fuel growth. The uncertainty and delaying about the government spending, delayed implementation of power projects, liquidity crunch and slow down in domestic and international markets poses threats for transformer industry.

**c) Segment wise performance**

The Transformers can broadly be divided into Distribution Transformers and Power Transformers. Your Company is manufacturing Distributor Transformers which are used to transform power voltage from transmission point to the end users. It is seen from past trend in India that power transformers account for around 70 percent of the transformer market whereas the distribution transformer market constitute the rest.

**d) Outlook**

Power is a critical infrastructure on which socio-economic development of the country depends. There are huge investments under implementation and planning for the Power Sector from government as well as private sectors. Transformer demand comes from fresh power addition and replacement demand. Thus, the current scenario presents an excellent opportunity and robust growth for Transformer Industry in next five years.

To match with industry's requirements and to meet with global challenges, your Company has geared up and strongly focused on expanding its product range with more energy efficient and profitability, giving thrust on design and research and development, ensuring timely delivery and exploring opportunities for enhancing its international market presence.

**e) Internal control system**

Internal audit and other controls have found to be adequate. These are reviewed periodically by the Audit Committee and with the valued contribution received from M/s. Abhijit J Kotecha & Associates, Chartered Accountants, Vadodara as Internal Auditors, the efforts are made to improve further, wherever possible.

**f) Human resources and Safety**

Your Company continued its activities during the year in a cordial atmosphere with utmost co-operation amongst employees and the management. The management is committed to promote safety, occupational health and proper environment is design, planning, training and completion of all tasks. Training are imparted to workmen in various new techniques and systems.



During the period under review, your Company remains "Zero Discharging Pollution Unit".

The Company believes in sustainable development and is committed to discharge its social responsibilities to the extent possible. The Company regularly donates to the institutions for noble cause. The Company has taken initiative by indemnifying small vendors and to lend them support for their individual growth.

**Annexure-2 to the Director's Report 2009-10**

**Particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31<sup>st</sup> March, 2010**

Sr. No.	Particulars
<b>[A]</b>	<b>Conservation of Energy:</b>
(a)	Energy conservation measures taken:
1.	Application of Gas based Ovens.
2.	The lighting has been changed to Picture Tube Lights (PL)
3.	At Plant II, the MH Lamps have been installed.
4.	The Company has set up a wind mill project to generate eco friendly electricity, being used for captive consumption.
5.	The numbers as well as capacity of capacitors changed to achieve improved power factor.
6.	The Company deployed screw Compressor in place of Reciprocating Compressors.
7.	At shop floor, Air Ventilators are installed.
8.	The consumption of Diesel is under close supervision.
9.	Exploring feasibility for using LDO instead of Diesel since it is more energy efficient.
(b)	Additional investments and proposals if any, being implemented for reduction of consumption of energy:
(c)	Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
(d)	Total energy consumption and energy consumption per unit of production as per prescribed Form A:
<b>[B]</b>	<b>Technology Absorption:</b>
(a)	Research & Development:
(1)	Specific area in which R & D is carried out by the Company:
1.1	The Company is in the process of establishing state of the art facilities for research.
1.2	The Company has been investing in setting up optimum testing facilities at various stages of production process.



- (2) Benefits derived as a result of the above R & D Improvement in quality and better product mix
- (3) Future plan of action:  
To invest more in R & D activities.
- (4) Expenditure on R & D:
- (a) During the financial year ended on 31.03.2010, the Company has spent Rs. 22,64,998/- on R & D activities, being 0.32% of its total turnover, as compared to Rs. 25,18,998/-, being 0.26% in the previous year.
- (b) Technology Absorption, Adaptation & innovation:
- (1) Efforts in brief, made towards technology absorption, adaptation and innovation.  
Your Company has continued its efforts to upgrade its manufacturing facilities of Electronics & Telecommunication Transformers.

**[C] Foreign Exchange earning and outgo:**

Sr No.	Particulars	2009-10	2008-09
01.	Earning from Export during the year	8,10,46,415/-	7,97,40,019/-
02.	Outgo:		
	a) CIF value of Imports	6,30,39,351/-	3,88,40,209/-
	b) Expenditure in foreign currency	10,68,674/-	8,10,825/-
	c) Traveling	4,68,350/-	2,62,090/-

By order of the Board of Directors  
For **SHILCHAR TECHNOLOGIES LIMITED**

Place: Bil, Dist. Vadodara  
Date: 28.04.2010

**JITENDRA C. SHAH**  
CHAIRMAN



## COMPLIANCE CERTIFICATE

To  
The Members  
Shilchar Technologies Limited  
Bill Road, Bill  
District Vadodara – 391 410

**CIN: L29308GJ1986PLC008387**

We have examined the registers, records, books and papers of **Shilchar Technologies Limited**, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of my/our information and according to the examinations carried out by me/us and explanations furnished to me/us by the Company, its officers and agents, I/We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public limited company, comments are not required.
4. The Board of Directors duly met 04 (Four) times on 29.04.2009, 30.07.2009, 31.10.2009 and 25.01.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolution passed in the Minutes Books maintained for the purpose.
5. The Company closed its Register of Members from 27.07.2009 to 30.07.2009 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2009 was held on 30<sup>th</sup> July, 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting (EGM) was held during the financial year.



8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act the Company has not obtained any approvals from the Board of Directors, Members and previous approval of the Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment of securities during the financial year. The Company has delivered all the certificates on lodgment thereof for transfer / transmission or any other purpose in accordance with the provision of the Act.  
(ii) The Company has deposited the amount of dividend declared in a separate bank account, namely Unpaid Dividend Account namely "Shilchar Technologies Limited – Dividend Cum – unpaid Dividend Account – 2009" with Bank of Baroda, Alkapuri, Vadodara on 03.08.2009 which is within five days from the date of declaration of dividend in the AGM held on 30.07.2009.  
(iii) The Company has posted dividend warrant to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been lying in the said Unpaid Dividend Account namely "Shilchar Technologies Limited – Dividend Cum – unpaid Dividend Account – 2009" with Bank of Baroda, Alkapuri, Vadodara.  
(iv) The Company was not required to transfer the amounts of any unpaid dividend account, application money due for refund, mature deposits, mature debentures and the interest accrued thereon to Investor Education and Protection Fund as there was no such amount remained unclaimed or unpaid for a period of seven years.  
(v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of alternate directors and directors to fill casual vacancies during the financial year
15. The appointment of Managing Director/ Whole Time Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.



16. The Company has not appointed any sole-selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Director pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of Preference shares or debentures during the year financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares, pending registration of transfer of shares in compliance with the provisions of the Act.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year, except for the outstanding amount of unsecured loans of Directors received in the past.
24. The amount borrowed by the Company from public financial institutions, banks and others during the financial year ending on 31<sup>st</sup> March, 2010 is within the borrowing limits of the Company and that necessary resolutions have been passed in duly convened extra ordinary general meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during year under scrutiny.



30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notice received by the company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident fund with prescribed authorities pursuant to Section 418 of the Act.

Place: Vadodara  
Date: 14.04.2010

Signature:  
Name of Company Secretary: Hemang M. Mehta  
C. P. No.: 2554

**Annexure A**

**Registers as maintained by the Company**

- Register of Members u/s. 150.
- Register and Returns u/s. 163.
- Minutes Books of Board Meetings and Shareholders Meetings u/s. 193.
- Books of Accounts u/s. 209.
- Register of Charges u/s 143
- Register of Particulars of Contracts in which Directors are interested u/s. 301.
- Register of Directors, Managing Director and Secretary u/s. 303.
- Register of Directors' Shareholdings u/s. 307.
- Register of Directors' Attendance.
- Register of Shareholders' Attendance.
- Register of Transfer of shares.

Place: Vadodara  
Date: 10.04.2010

Signature:  
Name of Company Secretary: Hemang M. Mehta  
C. P. No.: 2554



**Annexure B**

**Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2010.**

Sr. No.	Form No. / Return	Filed under section	For	Date of filing	ROC Receipt No. & Amt. Rs.	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 32	303	Change in designation of Mr. Rajesh Verma from Additional Director to director w. e. f. 30.07.2009	07.08.09	A66773060 Rs. 500/-	Yes	No
2.	Form 66	Rule 3 of the Companies Compliance Rules, 2001	Pursuant to Rule 3 of the Companies (Compliance Certificate) Rule 2001 for the F.Y. 2008-09	07.08.09	P33669797 Rs. 500/-	Yes	No
3.	Form 23AC & ACA	220	Towards the Filing of Annual Accounts for the year ended 31.03.09	10.08.09	P33721549 Rs. 500/-	Yes	No
4.	Form 23	192	1. Authorisation to Board of Directors / Committee of Directors to implement the proposed Employees Stock Option Scheme-2009. 2. Approving the alteration in the terms of remuneration of the Managing Director of the Company.	25.08.09	A67931832 Rs. 500/-	Yes	No
5.	Form 20B	159	In relation to Filing of Annual Return for the AGM held on 30.07.2009	02.09.09	P34240259 Rs. 500/-	Yes	No

Place: Vadodara  
Date: 14.04.2010

Signature:  
Name of Company Secretary: Hemang M. Mehta  
C. P. No.: 2554





## CORPORATE GOVERNANCE REPORT

### A. MANDATORY REQUIREMENTS

#### 1. Company's Philosophy on Code of Governance

The Company's purpose is business and to maximize long-term shareholder value by selling its goods and services. Therefore, our Corporate Governance processes are directed at ensuring that Company actions, assets and agents are directed to achieving this purpose while complying with the Code of Governance and the Company's own policies and expectations and covers aspects such as ethical conduct, health, safety and the environment; control and finance; commitment to employees; and relationships.

Company's corporate governance conforms to regulatory and legal requirements, such as the terms of Listing Agreements with Stock Exchanges. In addition, it incorporates several practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. The Board lays emphasis on integrity and accountability.

Key aspects of the Company's Governance Processes are:

- Clear statements of Board Processes and Board Executive linkage.
- Disclosure, accountability, transparency, adequate systems and procedures to monitor the state of affairs of the Company to enable the Board in effectively discharging its responsibilities to the stakeholders of the Company.
- Identification and management of key risks to delivery of per performance of the Company.

#### 2. Board of Directors.

The Management of your Company is entrusted to the Managing Director.

Your Board of Directors closely monitors the performance of the Company and its Management, approvals and reviews strategy and determines the remuneration of the management based on its performance. Your Board ensures legal and ethical conduct and high quality financial reporting. It holds itself accountable to the shareholders as well as other stakeholders for the long-term health of the Company.

##### (a) Composition

As of the year ended 31<sup>st</sup> March, 2010, the Board of Directors had 7 (seven) members comprising of 6 (six) Non-Executive Directors and Mr. Alay Shah, Managing Director, being the only Whole time/ Executive Director. The Non-Executive Directors included 4 (four) members who were Independent Directors. The Chairman of the Board is Non Executive Director.

The numbers of independent directors or numbers of non-executive directors are in agreement with the numbers stipulated by the Clause 49 of the Listing Agreement with the Stock Exchanges.

Brief background of Directors is as under:



**(1) Mr. Jitendra C. Shah**

Mr. Jitendra Shah is the founder of Shilchar Group. He is M.A.(Economics) from M S University of Baroda. He is having a wide business experience and industrialist. He is rendering his valuable service and vision to the Group since last many of the years.

**(2) Mr. Ashesh J. Shah**

Mr. Ashesh Shah is Bachelor of Science with Electronics Engineering. He is having a wide experience in Business and rendering his valuable services since last many years. He is heading Venture Capital Company promoted by Joint Venture namely GVFL and SIDBI in the areas of Smart Card based solutions and Vending Machines.

**(3) Mr. Alay J. Shah**

Mr. Alay Shah is Bachelor of Science in Electronics Engineering. He is rendering his valuable technical as well administrative services to the Group since last many years. He is heading a Company with active involvement in new expansions and projects.

**(4) Mr. O P Khanna**

Mr. O P Khanna is renowned technocrat academically B.Tech (Hons) in Mechanical Engineering from IIT Kharagpur, Post Graduate in Production Technology from ZIS Halle, Germany, Fellow of Institution of Electrical Engineers, Industrial Engineers & Production Engineers of UK & India. He is having senior level Management working experience more than 40 years.

**(5) Mr. Mukesh D. Patel**

Mr. Mukesh Patel is B.S. (Chemical Engineering). He is one of the renowned Industrialist in Vadodara and rendering his valuable services to the Group since last many years. He is Managing Director of one of the esteem Non Banking Finance Company namely Transpek Finance Limited of Vadodara.

**(6) Mr. Kirtikant P Shah**

Mr. Kirti P Shah is USA based an NRI industrialist in the field of Manufacturing of Transformers. His valuable technical support and updation in technology in the field of Transformers is very much helpful in the International Market to cater the export requirements. He is rendering his service to the Company since last 8-10 years.

**(7) Mr. Rajesh Varma**

Mr. Rajesh Varma is a Chartered Accountant by profession and a senior partner of M/s. Sharp and Tannan Associates, Chartered Accountants, Mumbai. He is having an expertise and vast experience in handling accounting, finance, taxation and other business related matters.



**(b) Attendance of each Director at the Board Meetings and the last Annual General Meeting**

During the year under review, the Board of Directors met four times on 29.04.2009, 30.07.2009, 31.10.2009 and 25.01.2010.

The attendance of each of the Directors at the said Board Meetings is given below:

Name of Director	Category of Directorship	No. of Meetings attended	% of total Meetings attended during the tenure as a Director
Mr. Jitendra Shah	Chairman	3	75
Mr. Ashesh Shah	NED	3	75
Mr. Alay Shah	MD	3	75
Mr. Mukesh Patel	NED	4	100
Mr. O.P.Khanna	NED	3	75
Mr. Kirtikant Shah	NED	1	25
Mr. Rajesh Varma	NED	4	100

NED-Non-Executive Director, MD-Managing Director, ED-Executive Director

Mr. Mukesh D. Patel, Mr. Rajesh Varma and Mr. O. P. Khanna attended the Annual General Meeting of the Company held on 30.07.2009.

**(c) Number of other Companies or Committees on which the Director is a Director/Member/Chairman**

Name of the Director(s)	Number of other Companies in which Director (including Alternate / Nominee Director)	Number of Committees (other than Shilchar Technologies Ltd) in which Member / Chairman	
		Chairman	Member
Mr. Jitendra Shah	2	NIL	NIL
Mr. Ashesh Shah	2	NIL	NIL
Mr. Alay Shah	1	NIL	NIL
Mr. Mukesh Patel	8	01	08
Mr. O P Khanna	1	NIL	NIL
Mr. Kirtikant P Shah	NIL	NIL	NIL
Mr. Rajesh Varma	2	NIL	NIL

**(d) Brief resume of Directors seeking reappointment at the AGM**

A brief resume of respective Directors seeking reappointment at the 24<sup>th</sup> Annual General Meeting has already been provided hereinabove.



#### 4. Remuneration Committee

##### (a) Terms of Reference

The Remuneration Committee recommends remuneration, promotions, increments etc. for the Executive Directors to the Board for approval.

Remuneration for the Managing Director was fixed by the Board of Directors within the ceiling of remuneration approved by the members at the General Meeting.

##### (b) Composition, names of members and Chairperson

As on 31<sup>st</sup> March, 2010, the Committee comprised of 3 Non-Executive independent Directors viz. Mr. O P Khanna, Mr. Kirti P Shah and Mr. Rajesh Varma. Mr. O P Khanna is the Chairman of the Committee.

##### (c) Attendance during the year

Two meetings were held during the financial year 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010. The attendance of each Member of the Committee is given below:

	Designation	No. of Meetings attended	% of total Meetings attended during the tenure as a Director
Mr. O P Khanna	Director	2	100
Mr. Rajesh Varma	Director	2	100
Mr. Kirtikant Shah	Director	NIL	NIL

##### (d) Remuneration Policy

The Managing Director was paid a Salary & other perquisites as mentioned below during the year under review.

##### (e) Details of Remuneration paid to all directors (for the period 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010)

	All elements of remuneration package i.e. Salary benefits bonuses, pension, etc.	Fixed component & performance linked incentives along with the performance criteria (Rs. in Lacs)	Service Contracts notice period, severance fees.	Stock option with details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable
Mr. Alay Shah (MD)	Rs. 20.44 Lacs	Nil	Nil	Nil
Mr. Ashesh Shah (NED)	Rs. 15 Lacs	Nil	Nil	Nil



**Notes:**

- (a) The agreement with Managing Director is for a period of 3 years or the normal retirement date whichever is earlier. Further, either party to the agreement is entitled to terminate the Agreement by giving not less than six calendar months notice in writing to the other party.
- (b) Mr. Ashesh Shah has been paid remuneration against rendering by him professional services for which, the necessary permission under the applicable provisions of the Companies Act, 1956 obtained from the Central Government.
- (c) Requisite sitting fees paid to the Non Executives Directors during the year under review.
- (d) During the FY 2009-10, the Company did not have a scheme for grant of stock options to its employees.

**5. Transfer & Shareholders/Investors' Grievance Committee.**

As on 31<sup>st</sup> March, 2010 the Transfer and Shareholders'/Investors' Grievance Committee comprised of Mr. Mukesh Patel Chairman, Mr. Ashesh Shah and Mr. O P Khanna. Mr. Prajesh Purohit, Compliance Officer is the Secretary of the Committee.

(a) Name of the Non-Executive Director heading the Committee / Chairman	: Mr. Mukesh Patel
(b) Name and Designation of Compliance Officer	: Mr. Prajesh Purohit
(c) No. of Shareholders complaints received during the financial year	: No complaints were received from Stock Exchange/ Investor Associations / Securities and Exchange Board of India (SEBI)/ Department of Company Affairs and hence need not reported to the Transfer and Shareholders'/Investors' Grievance Committee in terms of Circular No. 1 (96 - 97) dated 25/07/96 of SEBI.
(d) Number of complaints not solved to the satisfaction of shareholders	: Not Applicable since no complaints received during the year.
(e) No. of pending share transfers	: Nil.

**6. General Body Meetings**

(a) Location and time where last three AGMs were held			
<b>Location</b>		<b>Date</b>	<b>Time</b>
(i) Shilchar Technologies Limited Bil Road, Bil 391 410 Dist. Baroda	:	30/07/2009	3:00 p.m.
(ii) ——— do ———	:	30/07/2008	10:30 a.m.
(iii) ——— do ———	:	22/09/2007	10:30 a.m.



(b) Whether Special Resolutions were put through Postal Ballot last year	:	No
(c) Persons who conducted the Postal Ballot exercise	:	N. A.
(d) Are Polls proposed to be conducted through Postal Ballot this year	:	No
(e) Procedure for Postal Ballot	:	N. A.

### 7. Disclosure

(a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that interests of Company at large.	Mentioned in Notes to the Accounts under Related Party Transactions.
(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	None in the last three years.

### 8. Means of Communication

(a) Half – yearly report sent to each household of shareholders	:	No, as the results of the Company are published in the Newspapers.
(b) Quarterly results - Newspapers in which results are normally published in	:	i. English and Gujarati newspapers
Any website, where displayed	:	No
Whether it also displays official news releases	:	Yes
The presentations made to institutional investors or to the analysts	:	N. A.
(c) Whether MD&A is a part of Annual Report or not	:	Yes, Part of the Directors' Report.

### 9. General Shareholder information

(a) 24 <sup>th</sup> AGM Date, Time and Venue	:	Wednesday 28 <sup>th</sup> July, 2010 at 3.00 p.m. at Shilchar Technologies Limited, Bil Road, Bil, Dist. Baroda - 391 410
(b) Financial calendar	:	i. April 2010 to March 2011
	:	ii. First Quarter 2010 Results – on or before 31 <sup>st</sup> July 2010.



	iii. Second Quarter/ Half yearly Results 2010 – on or before 31 <sup>st</sup> October 2010.																																							
	iv. Third Quarter 2010 Results – on or before 31 <sup>st</sup> January 2011																																							
	v. Audited Results for the Fourth Quarter/ Year ending 31 <sup>st</sup> March 2011, - on or before 30 <sup>th</sup> June, 2011.																																							
(c) Date of Book closure	: 26 <sup>th</sup> July, 2010 to 28 <sup>th</sup> July, 2010 (both days inclusive)																																							
(d) Dividend Payment date	: On or after 29 <sup>th</sup> July, 2010, if declared at Annual General Meeting on 28 <sup>th</sup> July 2010.																																							
(e) Listing on Stock Exchange.	: The Company has paid Listing Fees for the period 1 <sup>st</sup> April, 2010 to 31 <sup>st</sup> March 2011 to VSE & BSE.																																							
(f) (i) Stock Code – Physical (ii) Demat ISIN Number for NSDL & CDSL	: 531201 : INE 024F01011																																							
(g) Market price Date : High, Low during each month in last Financial year	: The High / Low market price of the shares during the year 2009-2010 at the Stock Exchange, Mumbai were as under. <table border="1"> <thead> <tr> <th>Month</th> <th>High</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td>April, 2009</td> <td>91.20</td> <td>82.35</td> </tr> <tr> <td>May, 2009</td> <td>78.25</td> <td>55.00</td> </tr> <tr> <td>June, 2009</td> <td>74.85</td> <td>59.70</td> </tr> <tr> <td>July, 2009</td> <td>65.35</td> <td>53.90</td> </tr> <tr> <td>August, 2009</td> <td>68.60</td> <td>53.70</td> </tr> <tr> <td>September, 2009</td> <td>68.75</td> <td>55.15</td> </tr> <tr> <td>October, 2009</td> <td>71.65</td> <td>59.70</td> </tr> <tr> <td>November, 2009</td> <td>87.00</td> <td>61.95</td> </tr> <tr> <td>December, 2009</td> <td>90.30</td> <td>70.25</td> </tr> <tr> <td>January, 2010</td> <td>95.00</td> <td>67.65</td> </tr> <tr> <td>February, 2010</td> <td>79.70</td> <td>68.05</td> </tr> <tr> <td>March, 2010</td> <td>72.25</td> <td>62.20</td> </tr> </tbody> </table>	Month	High	Low	April, 2009	91.20	82.35	May, 2009	78.25	55.00	June, 2009	74.85	59.70	July, 2009	65.35	53.90	August, 2009	68.60	53.70	September, 2009	68.75	55.15	October, 2009	71.65	59.70	November, 2009	87.00	61.95	December, 2009	90.30	70.25	January, 2010	95.00	67.65	February, 2010	79.70	68.05	March, 2010	72.25	62.20
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(h) Stock Performance in comparison to Broad-based indices such as BSE Sensex, BSE 200, Nifty 50.	: N.A.																																							
(i) Registrar and Transfer Agents	: M/s. MCS Limited, Neelam Apartment, 88 Samptrao Colony, Alkapuri Baroda Pin 390 007 Ph.Nos.233 9397, 2341639																																							



(j) Share Transfer System

All the transfer and transmission requests are processed on fortnightly basis by M/s. MCS Limited, being the Registrar & Transfer Agent (RTA). To facilitate prompt services, the RTA is also authorized to approve the transfers and dispatch the share certificates within stipulated time frame.

**DISTRIBUTION OF HOLDINGS AS ON 31.03.2010**

No. of Shares			Shareholders		Nos. of Shares	
Up	To		Holder	% To Total	Number	%
Up	To	500	493	89.47	84,160	2.21
501	To	1,000	28	5.08	21,116	0.55
1,001	To	2,000	13	2.36	18,709	0.49
2,001	To	3,000	4	0.73	96,000	0.25
3,001	To	4,000	1	0.18	64,000	0.17
4,001	To	5,000	1	0.18	1,30,400	0.34
5,001	To	10,000	1	0.18	1,50,000	0.39
10,001	To	50,000	1	0.18	6,03,000	1.58
50,001	To	1,00,000	1	0.18	8,79,100	2.31
And Above			8	1.45	3,49,71,650	91.71
<b>Total</b>			<b>551</b>	<b>100.00</b>	<b>3,81,34,000</b>	<b>100.00</b>

(l) Dematerialization of Shares and liquidity

97.87% of the paid-up capital has been dematerialized as on 31<sup>st</sup> March, 2010.

(m) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity.

The company has not issued any GDRs / ADRs / Warrants or any convertible instruments

(n) Plant Locations

The Company's plants are located at Bill Road Village: Bil 391 410 Vadodara only.

(o) Address for correspondence

- i. Shareholders correspondence should be addressed to either at Registered Office of the Company or at the address of RTA M/s. MCS Limited given as above :
- ii. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.





**B. NON-MANDATORY REQUIREMENTS**

<p><b>a. Chairman of the Board</b> Whether Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties</p>	<p>:</p>	<p>An office has been provided to the Non-Executive Chairman at the Registered Office of the Company.</p>
<p><b>b. Remuneration Committee</b></p>	<p>:</p>	<p>Please refer to Sr. No. 4 of this Report</p>
<p><b>c. Shareholder rights –</b> The quarterly / half-yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of Shareholders</p>	<p>:</p>	<p>As the Company's quarterly / half yearly results are published in English newspapers having a circulation all over India and in a Gujarati newspaper (having a circulation in Vadodara) the same are not sent to the shareholders of the Company.</p>
<p><b>d. Postal Ballot</b></p>	<p>:</p>	<p>No resolutions requiring postal ballot as contained for matters as required under Clause 4 of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 have been placed for shareholders' approval at the Meeting.</p>
<p><b>e. Audit Qualifications</b></p>	<p>:</p>	<p>The financial statements of the Company are unqualified for the year ended 31.03.2010.</p>
<p><b>f. Training of Board Members</b></p>	<p>:</p>	<p>All the Directors have adequate exposure in corporate matters and have expertise in their areas of specialization. Hence, not considered necessary.</p>
<p><b>g. Mechanism for evaluating Non- Executive Directors</b></p>	<p>:</p>	<p>The members of the Board are professionals having rich experience in their respective fields and contribute substantially towards decision making process. Therefore, this non-mandatory requirement is not considered necessary.</p>
<p><b>h. Whistle Blower Policy</b></p>	<p>:</p>	<p>Whistler Blower Policy is not adopted by the Company.</p>

**Code of Conduct:**

This is to confirm that in accordance with clause 49 of the listing agreement entered into with the stock exchanges, the Company has adopted Code of Conduct for its Board Members and it has obtained affirmation as to compliance of the same from all the Board members for the financial year ended 31<sup>st</sup> March, 2010.

Place: Bil, Dist. Vadodara  
Date: 28.04.2010

By order of the Board of Directors  
For Shilchar Technologies Limited

**Jitendra C. Shah**  
Chairman



**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE  
UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

**To the Members of  
Shilchar Technologies Limited**

1. We have reviewed the compliance of conditions of Corporate Governance by **Shilchar Technologies Limited** (the Company) during the year ended March 31, 2010 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of the conditions of corporate governance is the responsibility of the Management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
3. On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) have been complied with in all material respects by the Company.
4. As required by the Guidance Note on Certification of Corporate Governance by the Institute of Chartered Accountants of India, we state that no investor grievance is pending for a period exceeding one month as on March 31, 2010, against the Company, as per records maintained by the Investors Grievance/Share transfer Committee of the Company.

**For NARESH & CO.  
CHARTERED ACCOUNTANTS**

**CA HARIN PARIKH  
PARTNER  
(M. R. N. 107606)**

Place: Bil, Dist. Vadodara

Date: 28.04.2010



## **AUDITOR'S REPORT**

### **To the Members**

We have audited the attached Balance Sheet of **SHILCHAR TECHNOLOGIES LIMITED** as at **31<sup>st</sup> March, 2010** and also the Profit & Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) Order, 2003 and Companies (Auditors Report) Order (Amendment), 2004 (hereinafter collectively referred to as CARO) issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
  - a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our Audit;
  - b) In our opinion, proper books of accounts as required by the law have been kept by the Company, so far as appears from our examination of the said books;
  - c) The Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company;
  - d) In our opinion, the Balance Sheet & the Profit & Loss Account annexed thereto and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account and Cash Flow statement annexed thereto, read together with the significant accounting policies in Schedule "S" and the other notes appearing thereon, give the information as required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India :-



- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
- (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date, AND,
- (iii) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date

**For NARESH & CO.  
CHARTERED ACCOUNTANTS  
(F.R.N. 106928W)**

**HARIN PARIKH  
PARTNER  
(M. R. N. 107606)**

Place : Bil, Dist. Vadodara  
Date : 28.04.2010





### ANNEXURE TO AUDITORS' REPORT

**(Referred to in paragraph 1 or our report of even date on the accounts for the year ended 31<sup>st</sup> March 2010 of Shilchar Technologies Limited)**

- (i) (a) The Company has maintained proper records showing full particulars including Quantitative Details for the last ten years. As informed to us, the Company is in the process of updating its old records as well as situation of Fixed Assets
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) During the year, Company has not disposed off any of its assets, except an old parcel of land which was lying unused since long.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of accounts.
- (iii) (a) The Company has not granted any loan, secured or unsecured, to Companies, Firms or Other Parties covered in the register maintained u/s. 301 of the Companies Act, 1956 during the year under report. Consequently, no comments are necessary on Para (iii) (b), (c) & (d) of CARO.
- (b) The Company has not taken any loans, secured or unsecured, from Companies, Firms or Other Parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, no comments are necessary on Para (iii) (e), (f) & (g) of CARO.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



- (vi) The Company has not accepted any deposits from the public within the meaning of Rule 2(b) of the Companies (Acceptance of Deposit) Rules, 1975. Hence, the Directives issued by RBI or provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 or the rules framed thereunder are not applicable.
- (vii) The Company has appointed an independent firm of Chartered Accountants from the current years to carry out the Internal Audit Function. In our opinion and according to the information and explanations given to us, the same is commensurate with the size of Company and nature of business.
- (viii) As per the information and explanations given to us, most of the Companies products are not covered amongst the various products for which the Central Government has prescribed rules under clause (d) of sub-section (1) of section 209 of the Act, for maintenance of Cost Records. For the products of the Company that are covered under the above rules, the turnover of the Company is less than Rs. 10 Crores and hence in the opinion of the Management the above rules are not applicable.

- (ix) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it except Cess dues of the erstwhile Shilchar Payton Technologies Ltd. which was amalgamated with the Company w.e.f. 1<sup>st</sup> April, 2006. ***The Company has not deposited these outstanding dues of Cess, to Reserve Bank of India, as payable under the provision of Research & Development Cess Act 1986. Such arrears, as outstanding for a period of more than six months as on the last day of financial year amounts to Rs. 305,196/- . As explained to us, the said amount has not been deposited with RBI in view of the Stay Order in the High Court of Calcutta and the pending status of the appeal preferred against RBI in the matter.***

According to the information and explanations given to us, apart from the above, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other applicable material statutory liabilities were outstanding, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.

- (b) According to the records of the company, there are no dues of Sales Tax, Income Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty, Cess or other applicable statutory liabilities which have not been deposited on account of any dispute except the following :

Income Tax Demand on Regular Assessment for AY 2007-08 – Rs. 3.60 Lacs.  
( Appeal Filed before the Commissioner of Income Tax Appeals, Vadodara )

Excise Duty Demand for reversal of credit for FY 2008-09 – Rs. 3.40 Lacs  
( Appeal Filed before the Asst. Commissioner of Central Excise, Vadodara )

- (x) The Company does not have any accumulated losses. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks. The Company has not issued any debentures.



- (xii) As per information given to us, during the year under report, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, considering the nature of activities carried on by the Company during the year, the Company is not a Chit fund or a Nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of CARO, 2003 are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, the Provisions of Clause 4 (xiv) of CARO, 2003 are not applicable.
- (xv) As per the information and explanations given to us, the company not given guarantees for loans taken by others from Banks or Financial Institutions.
- (xvi) Company has not taken or raised new term loans during the year under report.
- (xvii) On the basis of review of utilization of funds which is based on an overall examination of the balance sheet of the Company, related information as made available to us and as represented to us by the Management, we report for that funds raised on short-term basis have not been used for long-term investment.
- (xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.
- (xix) During the year under report, the company has not issued any debentures.
- (xx) The Company has not raised any money through public issues during the year under report.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For NARESH & CO.  
CHARTERED ACCOUNTANTS  
(F.R.N. 106928W)

CA HARIN PARIKH  
PARTNER  
(M. R. N. 107606)

Place : Bil, Dist. Vadodara  
Date : 28.04.2010



**BALANCE SHEET AS AT 31st MARCH, 2010**

	SCHEDULE	YEARENDED AS AT 31.03.2010 Amount Rs.	YEARENDED AS AT 31.03.2009 Amount Rs.
<b>I. SOURCES OF FUNDS</b>			
(1) Shareholders' Funds			
(a) Share Capital	A	38,134,000	38,134,000
(b) Reserves and Surplus	B	150,052,168	140,250,943
(2) Loan Funds			
a) Secured Loans	C	164,527,298	135,982,587
b) Unsecured Loans	D	24,927,525	14,953,750
(3) Deferred Tax Liabilities		16,846,869	17,473,752
<b>TOTAL</b>		<b>394,487,860</b>	<b>346,795,032</b>
<b>II. APPLICATION OF FUNDS</b>			
(1) Fixed Assets	E		
(a) Gross Block		243,700,240	241,526,354
(b) Less : Depreciation / Amortization		94,909,773	84,272,785
(c) Net Block		148,790,467	157,253,569
Capital Work-in-Progress		-	-
(2) Investments	F	7,007,000	7,007,000
(3) Deferred Tax Assets		299,141	1,786,284
(4) Current Assets, Loans and Advances	G		
(a) Interest Accrued but not due		877,394	514,990
(b) Inventories		159,083,076	95,981,675
(c) Sundry Debtors		321,477,554	232,606,321
(d) Cash and Bank Balances		22,676,044	14,032,709
(e) Loans and Advances		31,170,924	21,421,279
		535,284,992	364,556,974
Less: Current Liabilities and Provisions	H		
(a) Liabilities		283,821,834	183,021,510
(b) Provisions		13,341,699	3,027,285
		297,163,533	186,048,795
<b>Net Current Assets</b>		238,121,459	178,508,179
(5) Miscellaneous Expenditure (To the extent not written off or adjusted)	I	269,792	2,240,000
<b>TOTAL</b>		<b>394,487,859</b>	<b>346,795,032</b>
Significant Accounting Policies & Notes to Accounts	S		

As per our report attached of even date  
For **NARESH & CO.**  
**CHARTERED ACCOUNTANTS**

For **SHILCHAR TECHNOLOGIES LIMITED**

**CA HARIN PARIKH**  
**PARTNER**  
Mem No. 107606

**JITENDRA SHAH**  
**CHAIRMAN**

**ALAY SHAH**  
**M.D.**

Place : Bil, Dist. Vadodara  
Date : 28.04.2010

Place : Bil, Dist. Vadodara  
Date : 28.04.2010





## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	SCHEDULE	YEAR ENDED AS AT 31.03.2010 Amount Rs.	YEAR ENDED AS AT 31.03.2009 Amount Rs.
<b>INCOME</b>			
Gross Sales	J	768,361,304	501,850,112
Less : Excise Duty on Sales		57,528,221	30,592,165
Net Sales and Operating Income		710,833,083	471,257,947
Other Income	K	4,471,332	2,454,467
Increase / (Decrease) in stock	L	8,815,638	5,309,326
		<b>724,120,053</b>	<b>479,021,740</b>
<b>EXPENSES</b>			
Raw Materials & Others Consumed	M	569,621,626	375,452,562
Manufacturing & Operating Expenses	O	42,626,292	26,235,058
Human Resources Cost	N	20,092,994	19,226,484
Administrative Expenses	P	22,691,328	21,280,532
Selling & Distribution Expenses	Q	10,031,605	10,300,607
Financial Charges	R	20,668,194	16,637,752
Depreciation / Amortization		9,545,817	9,534,086
		<b>695,277,856</b>	<b>478,667,081</b>
<b>Profit Before Taxation &amp; Extraordinary Items</b>		<b>28,842,197</b>	<b>354,659</b>
Add : Interest on Income Tax Refunds		45,250	-
Add : Excess Provision for Expenses written Back		17,652	34,532
Less : Foreign Currency Monetary Item Translation Difference Account Write Off ( See Note 2 )		269,791	-
Less : Prior year's Income Tax Adjustments		4,421,044	(262,727)
<b>Profit Before Taxation</b>		<b>24,214,264</b>	<b>651,918</b>
Provision for Taxation - Current Tax		8,000,000	73,862
Provision for Taxation - Fringe Benefit Tax		-	220,424
Provision for Taxation - Deferred Tax		860,259	140,529
<b>Profit After Tax</b>		<b>15,354,005</b>	<b>217,103</b>
Balance Brought forward		76,024,254	79,058,791
Balance available for appropriation		91,378,260	79,275,894
Transferred to Foreign Currency Monetary Item Translation Difference		-	1,020,833
Proposed Dividend on Equity Shares		3,813,400	1,906,700
Corporate Dividend Tax on above		648,213	324,107
<b>Balance carried to Balance Sheet</b>		<b>86,916,647</b>	<b>76,024,254</b>
Significant Accounting Policies & Notes to Accounts	S		
Earning per Share - Basic		4.03	0.06
- Diluted		4.03	0.06

As per our report attached of even date  
For **NARESH & CO.**  
**CHARTERED ACCOUNTANTS**

**CA HARIN PARIKH**  
**PARTNER**  
**Mem No. 107606**

Place : Bil, Dist. Vadodara  
Date : 28.04.2010

For **SHILCHAR TECHNOLOGIES LIMITED**

**JITENDRA SHAH**  
**CHAIRMAN**

**ALAY SHAH**  
**M.D.**

Place : Bil, Dist. Vadodara  
Date : 28.04.2010

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	SCHEDULE	YEARENDED	YEARENDED
		AS AT 31.03.2010 Amount Rs.	AS AT 31.03.2009 Amount Rs.
<b>INCOME</b>			
Gross Sales	J	768,361,304	501,850,112
Less : Excise Duty on Sales		57,528,221	30,592,165
Net Sales and Operating Income		710,833,083	471,257,947
Other Income	K	4,471,332	2,454,467
Increase / (Decrease) in stock	L	8,815,638	5,309,326
		<b>724,120,053</b>	<b>479,021,740</b>
<b>EXPENSES</b>			
Raw Materials & Others Consumed	M	569,621,626	375,452,562
Manufacturing & Operating Expenses	O	42,626,292	26,235,058
Human Resources Cost	N	20,092,994	19,226,484
Administrative Expenses	P	22,691,328	21,280,532
Selling & Distribution Expenses	Q	10,031,605	10,300,607
Financial Charges	R	20,668,194	16,637,752
Depreciation / Amortization		9,545,817	9,534,086
		<b>695,277,856</b>	<b>478,667,081</b>
<b>Profit Before Taxation &amp; Extraordinary Items</b>		<b>28,842,197</b>	<b>354,659</b>
Add : Interest on Income Tax Refunds		45,250	-
Add : Excess Provision for Expenses written Back		17,652	34,532
Less : Foreign Currency Monetary Item Translation Difference Account Write Off ( See Note 2 )		269,791	-
Less : Prior year's Income Tax Adjustments		4,421,044	(262,727)
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Provision for Taxation - Current Tax		8,000,000	73,862
Provision for Taxation - Fringe Benefit Tax		-	220,424
Provision for Taxation - Deferred Tax		860,259	140,529
<b>Profit After Tax</b>		<b>15,354,005</b>	<b>217,103</b>
Balance Brought forward		76,024,254	79,058,791
Balance available for appropriation		91,378,260	79,275,894
Transferred to Foreign Currency Monetary Item Translation Difference		-	1,020,833
Proposed Dividend on Equity Shares		3,813,400	1,906,700
Corporate Dividend Tax on above		648,213	324,107
<b>Balance carried to Balance Sheet</b>		<b>86,916,647</b>	<b>76,024,254</b>
Significant Accounting Policies & Notes to Accounts	S		
Earning per Share - Basic		4.03	0.06
- Diluted		4.03	0.06

As per our report attached of even date

For NARESH & CO.

CHARTERED ACCOUNTANTS

CA HARIN PARIKH

PARTNER

Mem No. 107606

Place : Bil, Dist. Vadodara

Date : 28.04.2010

For SHILCHAR TECHNOLOGIES LIMITED

JITENDRA SHAH

CHAIRMAN

ALAY SHAH

M.D.

Place : Bil, Dist. Vadodara

Date : 28.04.2010



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

Sr.	Item	For the Year ended 31.3.2010 Rupees	For the Year ended 31.3.2009 Rupees
<b>A.</b>	<b>Cash flow from Operating Activities :</b>		
	<i>Net Profit before Tax &amp; Extra Ordinary Items</i>	28,842,197	354,659
	Adjustment for :		
	Depreciation & Write-offs	9,545,817	9,534,086
	Deferred Revenue Expenses (FCMITD Write Off)	(269,791)	-
	Prior Period Adjustments	498,108	309,609
	Loss/(Profit) on Sale of Investments/Assets	(3,843,205)	964
	Foreign Currency Monetary Item Translation Diff.	1,700,417	(3,260,833)
	Interest	20,668,194	16,637,752
	<i>Operating Profit before Working Capital Changes</i>	57,141,737	23,576,237
	Adjustments for :		
	(Increase)/Decrease in Trade Receivables	(88,871,233)	6,534,902
	(Increase)/Decrease in Inventories	(63,101,401)	30,695,111
	(Increase)/Decrease in Loans & Advances (Trade)	(9,908,697)	693,536
	Increase/(Decrease) in Trade Payable	86,130,751	(40,358,088)
	Increase/(Decrease) in Other Current Liabilities	14,827,043	7,787,497
	<i>Cash Generated from Operations</i>	(3,781,800)	28,929,195
	Interest Paid	20,668,194	16,637,752
	Direct Taxes Paid	(1)	1,658,258
	<i>Cash Flow before Extra Ordinary Items</i>	(24,449,993)	10,633,185
	Extra Ordinary Items	332,693	34,532
	Prior Period Items ( being cash items )	(498,108)	(309,609)
	<b>Net Cash Flow from Operating Activities</b>	<b>(24,615,408)</b>	<b>10,358,108</b>
<b>B.</b>	<b>Cash flow from Investing Activities</b>		
	Purchase of Fixed Assets	3	(969,973)
	Net Proceeds from Sale of Fixed Assets	4,400,000	133,536
	Redemption of Preference Shares	-	-
	Dividend Paid (incl. Tax Thereon)	(2,230,807)	(4,461,487)
	Dividend Received	-	-
	Investments	-	-
	Sale of Investments	55,000	-
	<b>Net Cash used in Investment Activities</b>	<b>2,224,196</b>	<b>(5,297,924)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	External Commercial Borrowings (net of repayment)	(1,700,417)	3,260,833
	Increase/(Decrease) in Short Term Borrowings	-	(59,924,208)
	Increase/(Decrease) in Bank Borrowings	40,218,903	57,318,399
	(Increase)/Decrease in Margin Money	(6,848,017)	(5,435,716)
	<b>Net Cash used in Financing Activities</b>	<b>31,670,469</b>	<b>(4,780,692)</b>
<b>D.</b>	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>9,279,257</b>	<b>279,492</b>
	Cash and Cash Equivalents (Opening)	890,503	611,011
	Cash and Cash Equivalents (Closing)	10,169,760	890,503

As per our report attached of even date

For **NARESH & CO.**  
**CHARTERED ACCOUNTANTS**

**CA HARIN PARIKH**  
**PARTNER**  
Mem No. 107606

Place : Bil, Dist. Vadodara  
Date : 28.04.2010

For **SHILCHAR TECHNOLOGIES LIMITED**

**JITENDRA SHAH**  
**CHAIRMAN**

**ALAY SHAH**  
**M.D.**

Place : Bil, Dist. Vadodara  
Date : 28.04.2010



**SCHEDULES FORMING PART OF BALANCE SHEET  
AS AT 31st MARCH 2010**

	YEARENDED AS AT 31.03.2010 Amount Rs.	YEARENDED AS AT 31.03.2009 Amount Rs.
<b>SCHEDULE - (A)</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
50,00,000 Equity Shares of Rs. 10 each	50,000,000	50,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
38,13,400 Equity Shares of Rs. 10 each fully paid up (Previous year 38,13,400 Equity Shares of Rs. 10 each fully paid up)	38,134,000	38,134,000
NOTE : 1. 6,89,840 Equity Shares of Rs. 10 each were allotted as fully paid up by way of Bonus Shares by Capitalisation of the Revaluation Reserve during 1994-95.		
2. 2,60,950 Nos. of Equity Shares of Rs. 10 issued to OCB's on 24.07.2001 as per RBI approval		
3. 2,60,950 Nos. of Equity Shares of Rs. 10 issued to OCB's on 25.07.2002 as per RBI approval		
<b>TOTAL</b>	<b>38,134,000</b>	<b>38,134,000</b>
<b>SCHEDULE - (B)</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVES :</b>		
Share Premium account	30,657,265	30,657,265
Capital Reserves on Amalgamation of Shilcar Core Ltd.	13,756,439	13,756,439
Shares Forfeited account (5,21,900 Nos. of Shares @Rs.5/- per share paid)	2,609,500	2,609,500
Subsidy	424,648	424,648
Revaluation Reserves		
Opening Balance	6,419,564	7,510,732
Less: Depreciation adjusted	1,091,168	1,091,168
Balance at Year End	5,328,396	6,419,564
<b>REVENUE RESERVES :</b>		
General Reserve :	10,359,273	10,359,273
Profit and Loss Account	86,916,647	76,024,254
<b>TOTAL</b>	<b>150,052,168</b>	<b>140,250,943</b>



**SCHEDULES FORMING PART OF BALANCE SHEET  
AS AT 31st MARCH 2010**

YEAR ENDED AS AT 31.03.2010 Amount Rs.	YEAR ENDED AS AT 31.03.2009 Amount Rs.
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**SCHEDULE - (C)  
SECURED LOANS**  
( See Note 4 )

**For Working Capital**

**From Bank of Baroda**

Cash Credit (Against Hypothecation of Stock and Book Debts)	25,027,378	50,802,519
EPC/FBD/PCFC/FCBD account (Against Export Orders and Stock of Export)	38,004,249	35,663,738
Bill Discounting (against LC's of Customers duly confirmed by their Bankers)	7,893,473	-

**From Standard Chartered Bank**

Cash Credit / WCDL / Bills Discounting (Against Hypothecation of Stock and Book Debts)	59,988,519	46,726,315
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**From Kotak Mahindra Bank Ltd.**

Bill Discounting (against LC's of Customers duly confirmed by their Bankers)	33,613,679	-
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**Long Term Loans**

Rupee Term Loans :		
- From Standard Chartered Bank	-	2,790,015

<b>TOTAL</b>	<b>164,527,298</b>	<b>135,982,587</b>
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**SCHEDULE - (D)  
UNSECURED LOANS**

**For Working Capital**

**From L & T Finance Limited**

Bill Discounting (against supplies to L & T Ltd.)	11,674,192	-
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**Long Term Loans**

Foreign Currency Loans :		
- From Others (See Note 5)	13,253,333	14,953,750

<b>TOTAL</b>	<b>24,927,525</b>	<b>14,953,750</b>
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**SCHEDULE - (F)  
INVESTMENTS**

**Long Term Investments (Unquoted, At Cost) ( See Note 8, 9 )**

7,00,700 Fully paid up Equity Shares of Rs.10 each of E Cube India Solutions Ltd. ( Company under the Same Management )	7,007,000	7,007,000
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<b>TOTAL</b>	<b>7,007,000</b>	<b>7,007,000</b>
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**Schedule - E  
Fixed Assets**

Particulars	Gross Block				Depreciations				Net Block			
	As At 01.04.2009	Addition During the year	Deduction/ Adjustment during the year		As At 01.04.2009	For the year	Total	Adjustment/ Deduction during the year		As At 31.03.2010	As At 31.03.2010	
			Cost	Revaluation				Cost	Revaluation			Cost
	Cost	Revaluation			Cost	Revaluation						
Land	10,095,087	-	611,795	-	9,483,292	-	-	-	-	9,483,292	10,095,087	
Office Building	4,400,000	-	-	-	4,400,000	71,720	689,096	-	-	689,096	3,710,904	3,795,035
Factory Building	56,104,221	1,021,751	-	-	57,125,972	1,440,018	17,056,771	437,428	-	17,056,771	40,069,201	40,922,482
Plant & Machinery	127,567,108	1,254,010	-	-	128,821,118	5,369,460	55,491,150	653,740	-	55,491,150	73,329,968	78,099,189
Windmill	15,944,789	-	-	-	15,944,789	841,895	2,807,054	-	-	2,807,054	13,137,736	13,979,624
Computers	6,101,602	-	-	-	6,101,602	392,306	5,794,557	-	-	5,794,557	307,045	699,351
Furnitures & Fixtures	17,287,115	6,325	-	-	17,293,440	1,066,040	10,444,462	-	-	10,444,462	8,848,978	7,940,691
Vehicles	3,544,107	503,595	-	-	4,047,702	236,209	2,152,486	-	-	2,152,486	1,895,217	1,627,834
Total	241,044,029	2,785,681	611,795	-	243,217,915	9,449,673	94,435,581	1,091,168	-	94,435,581	148,782,340	157,149,293
Previous Year	240,222,500	958,013	136,484	-	241,044,029	9,438,112	83,896,889	1,091,168	2,151	83,894,737	157,149,293	157,149,293

**Part of Schedule - E  
Fixed Assets - Intangible Assets**

Particulars	Gross Block				Amortisation				Net Block			
	As At 01.04.2009	Addition During the year	Deduction/ Adjustment during the year		As At 01.04.2009	For the year	Total	Adjustment/ Deduction during the year		As At 31.03.2010	As At 31.03.2010	
			Cost	Revaluation				Cost	Revaluation			
	Cost	Revaluation			Cost	Revaluation						
Softwares	482,325	-	-	-	482,325	96,144	474,192	-	-	474,192	8,133	104,277
Total	482,325	-	-	-	482,325	96,144	474,192	-	-	474,192	8,133	104,277
Previous Year	470,365	11,960	-	-	482,325	96,144	378,048	-	-	378,048	104,277	104,277

**Notes :**

1. Land included Land at Dabhasa which is pending to be transferred to the name of the Company.
2. Additions to Assets which are less than Rs. 5000 each in value are written off fully in the year of addition itself.
3. The total value of such fully depreciated asses in the above schedule is Rs.9,07,722/-



**SCHEDULES FORMING PART OF BALANCE SHEET  
AS AT 31st MARCH 2010**

	YEAR ENDED AS AT 31.03.2010 Amount Rs.	YEAR ENDED AS AT 31.03.2009 Amount Rs.
<b>SCHEDULE - (G)</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>a) INVENTORIES</b>		
( As Taken, Valued and Certified by Management )		
( Refer Note 1(g) )		
Finished Goods	27,232,708	17,181,725
Work in Progress	36,710,374	30,237,523
Raw Materials	95,139,994	48,562,427
<b>TOTAL</b>	<b>159,083,076</b>	<b>95,981,675</b>
<b>b) SUNDRY DEBTORS</b>		
( Unsecured, Considered Doubtful )		
Outstanding for more than six months	-	-
Others	-	-
( Unsecured and Considered Good )		
( for which Company holds no security other than personal security of Debtors )		
Outstanding for more than six months	20,666,010	19,275,932
Others	300,811,544	213,330,389
<b>TOTAL</b>	<b>321,477,554</b>	<b>232,606,321</b>
<b>c) CASH AND BANK BALANCES</b>		
Cash in Hand	265,202	59,779
Balances with Banks:		
Current Accounts with Scheduled Banks	2,420,619	830,724
Margin Money Deposit Accounts with Scheduled Banks	19,990,223	13,142,206
<b>TOTAL</b>	<b>22,676,044</b>	<b>14,032,709</b>



**SCHEDULES FORMING PART OF BALANCE SHEET  
AS AT 31st MARCH 2010**

	YEARENDED AS AT 31.03.2010 Amount Rs.	YEARENDED AS AT 31.03.2009 Amount Rs.
<b>d) LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or Kind or for Value to be Received	20,523,016	8,707,808
Deposits with State Electricity Boards & Others	1,285,680	1,256,768
Advance Income Taxes ( net of provisions )	7,412,098	7,361,518
Balance with Customs, Excise Authorities etc.	1,950,130	4,095,185
<b>TOTAL</b>	<b>31,170,924</b>	<b>21,421,279</b>
<b>SCHEDULE - (H)</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors - Goods - Others	200,824,529	130,594,602
Micro & Small Enterprises.	31,992,798	21,663,910
Sundry Creditors - Expenses	18,463,598	11,585,043
Expenses Payable	7,220,352	8,526,971
Unpaid Dividend ( See Note 37 )	59,224	45,155
Advance Payments for which value to be given	23,925,376	9,672,315
Other Current Liabilities	1,261,441	849,437
Interest Accrued but not Due on Loans	74,516	84,077
<b>TOTAL</b>	<b>283,821,834</b>	<b>183,021,510</b>
<b>Provisions</b>		
Provision for Current Taxation	8,000,000	73,862
Provision for Leave Encashment	880,086	722,616
Provision For Proposed Dividend (2009-2010)	3,813,400	1,906,700
Provision For Corporate Dividend Tax (2009-2010)	648,213	324,107
<b>TOTAL</b>	<b>13,341,699</b>	<b>3,027,285</b>
<b>SCHEDULE - (I)</b>		
Miscellaneous Expenditure (To the extent not written off or adjusted)		
Balance Brought Down	2,240,000	-
Add : Foreign Currency Monetary Item Translation Difference	-	2,240,000
Less : Exchange Gain during the year adjusted	1,700,417	-
Less : Amortised during the year ( See Note 2 )	269,791	-
<b>TOTAL</b>	<b>269,792</b>	<b>2,240,000</b>





**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH 2010**

	YEAR ENDED AS AT 31.03.2010 Amount Rs.	YEAR ENDED AS AT 31.03.2009 Amount Rs.
<b>SCHEDULE - (J)</b>		
<b>SALES AND OPERATING INCOME</b>		
Sales (Exports)	84,643,618	84,457,120
Sales (Local)	626,189,465	386,800,827
Total Sales	710,833,083	471,257,947
Excise Duty on Sales	57,528,221	30,592,165
<b>TOTAL</b>	<b>768,361,304</b>	<b>501,850,112</b>
<b>SCHEDULE - (K)</b>		
<b>OTHER INCOME</b>		
Sundry Credit Balances Appropriated	165,531	1,075,594
Prior Period Income	113,855	310,363
Packing & Forwarding Charges	73,750	37,810
Insurance Claim received	57,462	429,560
Sale of DEPB Licence	-	601,140
Profit on Sales of Assets	3,788,205	-
Amount recived against Sale of Investment	55,000	-
Exchange Rate Difference	217,529	-
<b>TOTAL</b>	<b>4,471,332</b>	<b>2,454,467</b>
<b>SCHEDULE - (L)</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
Closing Stock of Finished Goods	25,997,363	17,359,618
Less: Opening Stock of Finished Goods (net of excise duty)	17,181,725	12,050,292
<b>TOTAL</b>	<b>8,815,638</b>	<b>5,309,326</b>
<b>SCHEDULE - (M)</b>		
<b>RAW MATERIAL &amp; OTHERS CONSUMED</b>		
Opening Stock of Raw Material & WIP	78,799,950	114,626,494
Add : Purchases During the year	620,957,939	338,679,068
	699,757,889	453,305,562
Less : Closing Stock of Raw Material & WIP	131,850,368	78,799,950
Raw Materials Consumed	567,907,521	374,505,612
Consumable Stores & Spares	1,714,105	946,950
<b>TOTAL</b>	<b>569,621,626</b>	<b>375,452,562</b>
<b>SCHEDULE - (N)</b>		
<b>MANUFACTURING AND OPERATING EXPENDITURE</b>		
Factory Expenses	106,464	206,965
Power and Fuel	1,825,922	1,395,191
Manufacturing Processing Cost	35,286,310	19,642,988
Carting, Freight, Octroi	2,303,481	756,678
Contractual Deductions	3,104,115	4,233,236
<b>TOTAL</b>	<b>42,626,292</b>	<b>26,235,058</b>



**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR  
THE YEAR ENDED 31st MARCH 2010**

	YEARENDED AS AT 31.03.2010 Amount Rs.	YEARENDED AS AT 31.03.2009 Amount Rs.
<b>SCHEDULE - (O)</b>		
<b>HUMAN RESOURCES COST</b>		
(a) Salaries, Wages, Incentives and Bonuses	17,952,277	17,221,800
(b) Contributions to Provident Fund	859,740	855,417
Gratuity	90,106	124,817
Leave Encashment	538,953	9,712
(c) Welfare Expenses	651,918	1,014,738
<b>TOTAL</b>	<b>20,092,994</b>	<b>19,226,484</b>
<b>SCHEDULE - (P)</b>		
<b>ADMINISTRATION EXPENSES</b>		
<u>Repairs</u>		
Buildings	112,237	108,599
Plant and Machinery	425,308	536,411
Electrical Repairs	77,186	98,624
Others	274,090	150,992
Rent, Rates and Taxes	357,441	37,865
Printing and Stationery	722,231	587,672
Postage Telephone etc	894,777	920,253
Conveyance and Travelling	4,247,971	3,393,726
Insurance Premium	625,072	633,624
Legal and Professional Fees	2,846,491	3,773,365
Subscription Expenses	333,065	336,710
<u>Auditors Remuneration</u>		
Statutory Audit Fees	100,000	100,000
Tax Audit / Vat Audit - Consultancy Fees	55,000	60,208
<u>Directors Remuneration &amp; Sitting Fees</u>		
Directors Remuneration	2,043,818	2,015,815
Sitting Fees	134,000	95,000
Loss on Sale of Assets	-	964
Licence, Filing & Listing Fees	82,846	141,892
Security Charges	746,124	819,798
Bad Debts Written off	4,430,949	13,981
Research and Development Expenses	2,264,998	2,518,998
Donation	260,000	451,151
Miscellaneous Expenses / Guest House Expenses etc.	112,751	77,890
Lease Rent paid	600,000	390,000
Prior Period Expenses	611,963	619,972
Computer Expenses	330,510	337,058
Professional Tax (Company)	2,500	2,500
Exchange Rate Difference	-	2,966,430
Amalgamation Expenditure	-	91,034
<b>TOTAL</b>	<b>22,691,328</b>	<b>21,280,532</b>



**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH 2010**

	YEARENDED AS AT 31.03.2010 Amount Rs.	YEARENDED AS AT 31.03.2009 Amount Rs.
<b>SCHEDULE - (Q)</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Entertainment & Sales Promotion Expenses	966,056	87,105
Freight on Export	3,454,099	3,215,179
Freight / Octroi / Discount on Sale of Finished Goods	83,832	409,078
Agency Charges on Export	41,819	57,000
Testing Charges	1,278,155	3,180,622
Advertisement, Publicity,	1,739	68,755
Service Tax on outgoing material	155,282	125,273
Clearing & Forwarding on Export	270,789	615,745
Misc. Selling / Distribution Exps./ Tender Fees / Crane Hiring etc.	304,241	393,967
Commission	2,042,921	1,018,186
Exhibition & Seminar Expenses	1,432,672	1,129,697
	<b>10,031,605</b>	<b>10,300,607</b>
<b>SCHEDULE - (R)</b>		
<b>FINANCIAL CHARGES</b>		
Bank Interest (Including Interest on Term Loan)	16,076,422	13,995,065
Bank Charges	4,140,278	2,760,476
Other Interest	1,975,307	909,065
Total	22,192,007	17,664,606
Less : Interest Received	1,523,813	1,026,854
<b>TOTAL</b>	<b>20,668,194</b>	<b>16,637,752</b>

## SCHEDULE "S"

### Notes to Accounts

#### 1. Significant Accounting Policies

##### a. Basis of Preparation of Financial Statements

The Accounts are prepared under the historical cost convention and using the accrual method of accounting, unless otherwise stated hereinafter, to comply in all material aspects, with the mandatory accounting standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 and in conformity with accounting principles generally accepted in India. Accounting Policies, not specifically referred to, are consistent and in consonance with generally accepted accounting principles.

##### b. Use of Estimates :

The Preparation and Presentation of Financial Statements as per the above bases required the management to make estimates and assumptions that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the balance sheet and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimated.

##### c. Fixed Assets

Fixed Assets ( as well as intangible assets, not being internally generated assets ) are stated at cost of acquisition and any subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation, but excluding the element of excise duty for which the Company has availed CENVAT credit.

##### d. Depreciation / Amortisation :

, Depreciation on Fixed assets is being provided on the Straight Line Method in accordance with the provisions of Section 205(2)(a) and according to the classification and at the rates specified in Schedule XIV to the Companies Act, 1956.

Additions made to Plant & Machinery, the value of which is less than Rs. 5,000 each and where the aggregate of such additions made during the year does not exceed ten percent of the Gross Block of Assets, have been written off 100 %.

Depreciation on increase in value of the Fixed Assets on account of Revaluation is charged against Revaluation Reserve. Consequently the depreciation charge for the year shown in the Profit and Loss account is after deducting Rs. 1091168 ( 2009 : Rs. 1091168 ) representing depreciation on the Revalued Portion.

Computer Software ( acquired intangible asset ) is amortized considering a useful life of 5 years as estimated by the Management based on the nature of the Software.



**e. Revenue Recognition**

Revenue is recognized on transfer of property in goods or on transfer of significant risks and rewards of ownership to the buyer, for a consideration, without the seller retaining any effective control over the goods.

Sales are accounted on dispatch of goods (which generally coincides with the transfer of ownership) and are net of excise and sales tax. Sales as disclosed in the Profit and Loss account include Job-Work income.

Benefit on Account of Duty Entitlement Pass Book Scheme is accounted on actual utilization or sale of the Licenses.

Interest Income is recognized on a time proportionate basis including interest accrued based on the amount outstanding and rate applicable. Interest Income is shown as a reduction from Interest Cost under the head of financial charges

Other major items of income are accounted on accrual basis (depending on certainty of realization) and are disclosed separately under the head "Other Income".

**f. Research and Development Cost**

Research and development cost, where applicable, includes the salary and perquisites offered to Company personnel directly involved with this activity and any other expense directly identifiable with this activity and same are charged to Profit and Loss account during the year.

**g. Inventories**

Inventories are valued at the lower of cost or estimated net realisable value. The cost method employed is FIFO. Valuation of Work-in-Progress is made based on combination of Standard Price Basis (Retail Method) and method using cost of material and proportionate amounts for direct labour, direct expenses and production overheads based on stage of completion. Finished Goods, other than those bought for resale, are valued on Standard Price Basis (Retail Method). Estimations of Cost and Margin under Retail Method for Finished Goods and Work-in-Progress are as made by the management based on combined use of specific order values and overall product margins on a year-to-year basis.

**h. Investments**

Investments are classified as current and long term investments. Current Investments are those that are not intended to be held for more than one year from the date of investment. All other investments are classified as long-term investments.

Long term investments are stated at cost. Provision for diminution in the value of such investments is made to recognize a decline, other than temporary, in their value. Current investments, where applicable, are valued at lower of cost or fair value.

**i. Foreign Currency Transactions**

Transactions in foreign currency, to the extent not covered by forward contracts, are recorded in Indian Rupees at the exchange rate prevailing on the date of the transactions. Exchange gains or losses on



settlement, if any, are normally treated as income or expenditure respectively in the Profit and Loss Account. However, in terms of Notification issued by the Ministry of Corporate Affairs on 31<sup>st</sup> March, 2009 and accepted by the Institute of Chartered Accountants of India, the Company has opted for accumulating the Exchange Rate Difference arising on reporting of its Long-term Foreign Currency Item being Long Term Borrowings upto 31<sup>st</sup> March, 2009 in a separate account. Balance of this separate account is to be amortized in two equal installments during FY 2009-10 and 2010-11 after adjusting the Gains / Losses of the respective year.

Liabilities in foreign currency as well as receivables in foreign currency, being monetary items, as on the date of the Balance Sheet have been restated into Indian rupees at the rates of exchange prevailing as on the date of Balance Sheet. Non Monetary items, if any, which are carried in terms of historical cost denominated in Foreign Currency are reported using the exchange rate at the date of transaction.

#### Derivatives

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company tries to limit the effects of foreign exchange rate fluctuations by following risk management policies including use of derivatives. For this the Company enters into forward exchange contracts, where the counter-party is a Bank. These forward contracts are not used for trading or speculation purposes.

In case of forward contracts the gain or loss arising on exercise of option or settlement or cancellation are recognized in the profit and loss Account for the period. The forwards contracts outstanding as at the balance sheet are marked-to-market and corresponding exchange gain or loss recognized on the same.

#### j. Retirement Benefits

Employee Benefits comprise short term as well as long term defined benefit as well as defined contribution plans.

Contributions to Provident Fund and Employee State Insurance are defined contributions. The Company's Contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no further obligations beyond the periodic contributions.

Retirement Benefits in form of Gratuity are defined benefit obligations and are provided for on the basis of actuarial valuation using projected unit credit method as at the balance sheet date.

Long Term Compensated Absences are provided for on basis of actuarial valuation using the projected unit credit method as at the date of balance sheet.

Actuarial gain / losses are immediately taken to the profit and loss account and are not deferred.

#### k. Borrowing Costs

Costs of specific borrowings for purchase / construction or production of qualifying assets are capitalized as part of the cost of that Fixed Asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged as an expense in the period in which they are incurred.



**I. Taxes on Income**

Provision for taxation for the year under report includes provision for current tax as well as provision for deferred tax.

Provision for Current Tax is made, based on tax estimated to be payable as computed under the various provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to prudence, on timing differences between taxable income and accounting income that originate during the year and are capable of being reversed in one or more subsequent periods. Deferred tax assets are recognized only to the extent that there is a reasonable certainty ( and in case of unabsorbed depreciation or losses under tax laws, a virtual certainty ) that future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Liabilities / Assets are quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

**m. Impairment of Assets :**

Assessment of Impairment of Assets ( as covered under AS-28 Impairment of Assets ) is done as at the Balance Sheet Date considering external and internal impairment indicators. If there is an indication that an asset may be impaired, its recoverable amount is estimated and the excess of carrying amount over recoverable amount is provided for as impairment loss.

**n. Leases :**

Assets acquired on lease where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operation leases. Lease Rentals relating thereto are charged off to the Profit and Loss Account.

**n. Contingencies / Provisions :**

Contingencies which can be reasonably ascertained are provided for i.e. a provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reasonable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Other Contingencies, the outcome of which is not certain, have been disclosed in these notes as Contingent Liabilities. Contingent Assets have not been provided for.

o. Prior Period and Extra Ordinary items and Changes in Accounting Policies, having a material bearing on the financial affairs of the Company are disclosed separately along with the amount by which any item in the financial statements is affected by such change wherever same is available.

**2. Foreign Currency Monetary Item Translation Difference :**

In terms of Notification issued by the Ministry of Corporate Affairs on 31<sup>st</sup> March, 2009 and accepted by the Institute of Chartered Accountants of India, the Company had opted for accumulating the Exchange

Rate Difference arising on reporting of its Long-term Foreign Currency Item viz. Foreign Currency Monetary Item Translation Difference Account (FCMITD).

As per the conditions stipulated in the said notification for exercise of the above option, the Company has accumulated the exchange rate difference arising on its Long Term External Commercial Borrowings (ECB) upto 31<sup>st</sup> March, 2009 to the above account amounting to Rs. 22,40,000/- including reversal of exchange rate gains arising in the accounting periods commencing after 7<sup>th</sup> December, 2006.

As stipulated by the said notification, the above balance has to be written off before 31<sup>st</sup> March, 2011. Accordingly, after adjusting the gain on ECB for the year to the tune of Rs. 1700417/-, one-half of the balance of Rs. 5,39,583/- has been written off during the year

Details of FCMITD Account	31 <sup>st</sup> March, 2010 (Rs.)
Exchange Rate Difference on ECB upto 31 <sup>st</sup> March, 2009 accumulated	22,40,000
Less :	
Exchange Rate Gain on ECB recognized in FY 2009-10	17,00,417
Balance in FCMITD Account	5,39,583
Less : Proportionate Written off during the year	2,69,791
Net Closing Balance of FCMITD Account (Appearing as Misc. Expenditure to the extent not written off )	2,69,791

The above balance of Rs. 2,69,791/- in FCMITD account shall be further adjusted for Gain / Loss arising in the next financial year and the entire balance as at 31<sup>st</sup> March, 2011 shall then be written off.

- The Company did not have any forward contracts outstanding as at the year and hence no need for recognizing any mark-to-market losses in term of ICAI announcement dtd. 29<sup>th</sup> March, 2008 on "Accounting for Derivatives"
- The Bank facilities of Working Capital being Cash Credit, Export Packing Credit and other Facilities obtained from Bank of Baroda are secured by Hypothecation of Stocks, Book Debts, Extension of charge on Current Assets for Letters of Credit, Hypothecation of Plant and Machinery (both present and future) and Equitable Mortgage of entire Factory Land and Building including Corporate Office of the Company. The Bank Facilities of Working Capital being Cash Credit Facilities, Working Capital Demand Loans and other facilities obtained from Standard Chartered Bank are secured by way of a pari passu charge on the above assets of the Company. The Bills discounting facilities obtained from Kotak Mahindra Bank are against LC's of customers duly confirmed by their respective bankers.
- Long Term Unsecured Loans represent balance out of the External Commercial Borrowings (ECB's) obtained by the Company from one of its Foreign Equity holders to the tune of US\$ 350000 for the purpose of its erstwhile expansion project in terms of relevant rules of the Reserve Bank of India. Company had initially obtained a two-year deferment on repayment of the balance of the principal amount and has already applied to the Reserve Bank of India for further extension for two years. Consequently, only interest payable and as well as exchange rate difference for the same has been provided for.
- Sundry Debtors includes following amounts due from Companies under the same management as defined under the erstwhile Sec 370(1B) of the Companies Act, 1956





Particulars	2009-2010(Rs.)	2008-2009 (Rs.)
E-Cube India Solutions Ltd. (Maximum amount outstanding during the year Rs. 9,91,155)	1,76,798	9,91,155

7. Directors' remuneration is within the limits prescribed by Section II of Part II of Schedule XIII of the Companies Act, 1956. The amounts paid included the following :

Particulars	2009-2010 (Rs.)	2008-2009 (Rs.)
Remuneration	20,43,818	20,15,815
Perquisites	Nil	Nil
Bonus	3500	3500
Contribution to Provident Fund	Nil	Nil

The Managing Director is eligible for Gratuity as well as Leave Encashment and is covered there-under alongwith other employees of the Company. However, the above amounts do not include contribution to gratuity fund and provision for leave encashment as well as perquisite for free usage of car as separate figures are not available.

8. During the year, the Company has sold its investments in shares of Intech Agencies Private Limited (the then Company under the same Management). The Company held 105000 equity shares of Rs. 10/- each costing a sum total of Rs. 10,50,000/-. Provision for diminution in value has been made for this entire amount of Rs. 10,50,000/- in earlier years. During the year, these investments were disposed off for Rs. 55000/-. Company has reversed the provision for diminution to that extent and adjusted the sale proceeds against the same
9. Long Term Investments held by the Company to the tune of Rs. 989985/- were diminished fully till the end of the previous financial year and have not been reflected in the Schedules to the Balance Sheet since their net carrying cost has been reduced to Nil

No new Provision has been made for diminution (not considered as temporary) in the value of Long Term Investments during the year.

10. No Borrowing Costs were eligible for capitalization during the year.
11. Sundry Debtors are as per books and have not been corroborated by circulation / confirmation of balances. As for Sundry Creditors, confirmation of parties concerned, for the amount due to them as per accounts of the company, are received for some of the parties and for others, adjustments if any, required will be made as and when the accounts are settled.

**12. Balances in current accounts with scheduled banks include :**

	31.03.2010 (Rs.)	31.03.2009 (Rs.)
- Kalapur Cooperative Bank	6,191	6,191
	(Max 6,191)	(Max 6,191)

13. Other Current Liabilities include credits in the Bank Accounts of the Company not identifiable with a particular party. The same are adjusted against the relevant parties on receipt of information / confirmation of balances with the said parties.

14. With reference to amounts shown as payable to Micro, Small and Medium Enterprises, the information has been compiled in respect of parties to the extent they could be identified as Micro, Small and Medium Enterprises on the basis of information collected and available with the Company and same has been relied upon by the auditors. The Company deals with various Micro Small and Medium Enterprises on mutually accepted terms and conditions. No interest is payable if the mutual terms are adhered to by the Company.

Accordingly, no interest has been paid during the year and further no provision for interest payable to such units is required or has been made under Micro, Small and Medium Enterprises Development Act, 2006. Hence, information as required under Schedule VI of the Companies Act, 1956 relating to delayed payments and interest on delayed payments to Micro, Medium and Small Enterprises has not been compiled and presented.

15. The Company owns a Windmill which produces power. The Units of Power generated from the Windmill are setoff against the monthly power bill of the Company. Consequently, the power cost of the Company for the year under report is net of the setoff of the power units generated from the Windmill.

16. During the year, Company has sold a piece of Land for Rs. 44,00,000. However, in absence of detailed Fixed Assets Register for the period prior to the year 2000, the actual cost / revalued cost of this particular land as covered under the Gross Block of Land in the Fixed Assets Schedule could not be ascertained. The Company has worked out the actual acquisition and development cost of Rs. 611795 and treated the balance amount of Rs. 37,88,205 as Profit on the sale.

17. In the opinion of the Board, the Current Assets, Loans and Advances which are considered good are expected to realise at least the amount at which they are stated, if realized in the ordinary course of business. Further, in the opinion of the Board, provision of all known liabilities has been adequately made in the accounts and as per management experience and estimates no provision is required for guarantees and warranties, liquidated damages etc.

**18. Contingent Liabilities**

Bank Guarantees outstanding as on 31<sup>st</sup> March, 2010, amounted to Rs 9,83,67,176/- (p.y. Rs 5,61,74,100/-) and Letters of Credit outstanding as at 31<sup>st</sup> March 2010, amounted to Rs 6,41,90,080/- (p.y. Rs. 2,97,80,822/-) against which the company has kept the Margin Money in the form of Fixed Deposit worth Rs. 1,99,27,057 (p.y. Rs. 1,03,42,206/-).

The Company has given Corporate Guarantees for Performance of Products to the tune of Rs.6,14,679/- to EPC Customers being Private Companies.



Income Tax Assessment Order for AY 2007-08 received on 31.12.2009 with demand of Rs. 3,59,880/-. Company has filed an appeal against the same before the Commissioner of Income Tax (Appeals) Vadodara, which is pending to be heard.

Service Tax Credits Reversed under Protest—Rs. 654717/- (Decision Pending)

Demand for 2008-09 by Excise Dept—Rs. 3,40,420/- (disallowance of credit availed). Company has preferred appeal against the said demand before the Asst. Commissioner of Central Excise.

Legal Case Filed against Company by its Creditors—Rs. 1,64,340/-

Legal Case Filed by Company against Debtors with amount still outstanding in books—Rs. 78,780/-

There are no other claims against the Company to be acknowledged as debt.

Estimated amount of contracts to be executed on Capital Account: Rs. NIL (p.y. Rs Nil)

### 19. Break-up of Net Sales Income

PARTICULARS	Unit	2009-2010		2008-2009	
		Quantity	Rupees	Quantity	Rupees
Transformers	Nos	12,63,337	69,04,30,870	12,80,135	43,75,38,342
R-Core	Nos	55,342	98,83,672	52,074	1,07,10,323
Plastic Bobbins	Nos.	91,104	15,60,072	93,203	11,87,267
Core and E I Lamination	Kgs	1,09,057	81,28,417	1,61,007	1,74,00,750
Sale of Bought out	—	—	8,30,051	—	44,21,265
Excise Duty on Sales	—	—	5,75,28,221	—	3,05,92,165
<b>TOTAL</b>			<b>76,83,61,303</b>		<b>50,18,50,112</b>

Note: Deemed Exports Rs. 1,25,62,190/- (Previous Year Rs. 3,58,91,283/-)

### 20. Consumption of Raw-Materials:

Class of Goods	Units	2009-2010		2008-2009	
		Quantity	Amount	Quantity	Amount
R-Core	Nos.	36,720	38,46,016	41,183	31,61,735
Silicon Steel	Kgs.	11,97,973	23,97,22,408	7,03,660	14,58,74,363
Copper Wire	Kgs.	3,78,914	13,48,81,317	2,00,108	7,96,30,088
Base Plates	Nos.	1,87,102	11,52,545	50,804	9,27,705
PBT	Kgs.	8,122	11,44,712	5,825	8,17,731
Aluminium	Kgs	2,08,495	2,17,81,254	1,25,378	1,52,43,956
Transformer Oil	Liter	10,15,471	3,45,46,838	6,37,389	2,72,93,949
Plastic Bobbin	Nos.	3,19,707	14,45,630	2,91,785	6,02,888
Others			13,11,00,906		10,19,00,147
<b>Total</b>			<b>56,96,21,626</b>		<b>37,54,52,562</b>



**21. Actual Production:**

Class of Goods	Units	2009-2010	2008-2009
		Quantity	Quantity
Transformers	Nos.	12,14,423	12,26,279
R-Core	Nos.	85,169	91,683
Plastic Bobbins	Nos.	4,10,141	3,59,579
Core & E I Lamination	Kgs	1,11,507	1,59,002

**22. Break up of Finished Goods:**

Items	Unit	2009-2010		2008-2009	
		Quantity	Amount	Quantity	Amount
<b>Opening Stock</b>					
Transformers	Nos.	93,539	1,22,46,545	1,47,395	76,42,928
R-Core	Nos.	11,482	18,06,922	13,056	19,65,016
Oil & Grease Feeders	Nos.	861	2,58,905	861	2,58,905
Plastic Bobbins	Nos.	63,504	3,54,751	89,113	4,78,150
Core & E I Lamination	Kgs.	16,055	25,14,603	18,060	17,05,293
<b>Total</b>			<b>1,71,81,726</b>		<b>1,20,50,292</b>
<b>Closing Stock</b>					
Transformers	Nos.	44,625	2,32,31,734	93,539	1,22,19,878
R-Core	Nos.	4589	6,60,201	11,482	18,06,922
Oil & Grease Feeders	Nos.	861	2,85,572	861	2,85,572
Plastic Bobbins	Nos.	62,834	3,71,626	63,504	3,54,751
Core & E I Lamination	Kgs	18,505	26,83,575	16,055	25,14,603
<b>Total</b>			<b>2,72,32,708</b>		<b>1,71,81,726</b>

Stocks Include Excise Duty of Rs. 25,43,484/- (Previous Year Rs.13,08,139/-)

**23. Licensed Capacity and Installed Capacity :**

Item	Installed Capacity	
	2009-2010	2008-2009
Transformers (Nos.)	65,00,000	65,00,000
Metering CT's (Nos.)	18,00,000	18,00,000
R Cores / Cut Cores(Nos.)	4,80,000	4,80,000
Toroid Cores (Kgs)	2,40,000	2,40,000
E I & Strip Laminations (Kgs)	6,00,000	6,00,000
Bobbins (sets)	9,00,000	9,00,000
Distribution Transformers	2000 MVA	2000 MVA

Installed Capacity is as certified by Management, on which the auditors have placed reliance without verification, being a technical matter.



**24. C.I. F. Value of Imports**

Item	2009-2010	2008-2009
Raw Materials	1,72,71,208	2,20,41,028
Silicon Steel	4,57,68,743	1,67,99,181
<b>Total</b>	<b>6,30,39,351</b>	<b>3,88,40,209</b>

**25. Expenditure in Foreign Currency**

Item	2009-2010	2008-2009
Foreign Travel	4,68,350	2,62,090
Inspection, Machinery Imports and Others	1,76,352	86,852
Interest on External Commercial Borrowings & FLC	8,92,322	7,23,973
<b>Total</b>	<b>15,37,024</b>	<b>10,72,915</b>

**26. Consumption of Raw Materials**

Item	2009-2010		2008-2009	
	Amount	Percentage	Amount	Percentage
Imported	5,76,01,639	10.11	3,65,14,445	9.73
Indigenous	51,20,19,987	89.89	33,89,38,117	90.27
<b>Total</b>	<b>56,96,21,626</b>	<b>100.00</b>	<b>37,54,52,562</b>	<b>100.00</b>

**27. Earnings in Foreign Currency**

Particulars	2009-2010	2008-2009
Export of Goods on FOB basis Amount realized during the year Rs 5,23,53,966/- ( Previous Year Rs.7,77,56,020/-)	8,10,46,415	7,97,40,019

**28. Dividends to Non-Resident Shareholders**

Particulars	2009-2010	2008-2009
Net Dividend paid in Foreign Currency (stated in Rupees)	4,98,550	9,97,100

**Note :**

*Information contained in Notes 19 to 28 above is as compiled by the Management in terms of requirement of Part-II of Schedule VI to the Companies Act, 1956 and relied upon by the Auditors.*

### 29. Earnings Per Share

In line with Accounting Standard 20 - Earnings Per Share issued by the ICAI the following disclosures are given below:

Particulars	Unit	2009-2010	2008-2009
Amount used as numerator Profit after Taxation	Rs.	1,53,54,005	2,17,103
Weighted average number of equity shares used as denominator	No.	38,13,400	38,13,400
Nominal Value of Shares	Rs.	3,81,34,000	3,81,34,000
Earnings Per Share	Rs.	4.03	0.06

Weighted Average Number of Equity Shares  
 $38,13,400 \times 12/12 = 38,13,400$  (P.Y. 38,13,400)

### 30. Derivative Instruments and Unhedged Foreign Current Exposure :

Particulars of Derivatives	Purpose
Forward Contract Outstanding on 31 <sup>st</sup> March, 2010 - Nil (P.Y. Sell US\$ 400000)	Hedge of Forex US\$ Receivable

Particulars of Un-hedged Foreign Currency Exposure	31.03.2010 Rs.	31.03.2009 Rs.
⇒ Sundry Creditors	3,43,73,202	11,76,438
⇒ Sundry Debtors	1,73,20,855	1,75,55,737
⇒ External Commercial Borrowings	1,32,53,333	1,49,53,750
⇒ Packing Credit in Foreign Currency	Nil	Nil

### 31. Post Employment Benefits:

Provident Fund dues amounting to Rs. 859740 (PY Rs. 855417) paid during the year being defined contributions has been charged to the Profit and Loss Account.

Long Term Employee Benefits on account of compensated absences have been accounted for on actuarial basis using the Projected Unit Credit Method.

The Company has a defined benefit gratuity plan. Every employee who has completed five or more years of service is eligible for gratuity @ 15 days salary (last drawn) for every completed year of service with an overall ceiling of Rs. 350000. The Company has taken a Group Gratuity cum Life Insurance Policy from Life Insurance Corporation of India ( a qualifying policy ) and makes annual contributions to the same to create a fund to meet this defined benefit gratuity obligation.



<b>Change in Present Value of Defined Benefit Obligation</b>	<b>31<sup>st</sup> March, 2010 (Rs.)</b>	<b>31<sup>st</sup> March, 2009 (Rs.)</b>
Present Value of Obligations as at the beginning of the Year	19,95,147	21,08,751
Interest Cost	1,59,612	1,68,700
Current Cost	1,49,052	1,48,809
Benefits Paid	(53,140)	(62,665)
Actuarial (gains) / losses on obligation	(76,478)	(3,68,448)
Present Value of Obligations as at the end of the Year	21,74,193	19,95,147
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets as at the beginning of the Year	20,30,113	17,75,695
Expected Return on Plan Assets	1,90,790	1,68,274
Contributions	1,14,086	1,48,809
Benefits Paid	(53,140)	(62,665)
Actuarial (gains) / losses on Plan Assets	Nil	Nil
Fair Value of Plan Assets as at the end of the Year	22,82,029	20,30,113
Defined Benefit Obligation as recognized in Balance Sheet		
Present Value of Obligations as at the Year end	21,74,193	19,95,147
Unrecognized Past Service Cost	Nil	Nil
Fair Value of Plan Assets as at the Year end	22,82,029	20,30,113
Net (Asset) / Liability recognized in Balance Sheet	(1,07,836)	(34,966)
Net Gratuity Benefit Expenditure Recognized in P&L		
Current Service Cost	1,49,052	1,48,809
Interest Cost	1,59,612	1,68,700
Expected Return on Plan Assets	(1,90,970)	(1,69,274)
Net Actuarial (Gain) / Loss Recognized in the Year	(76,478)	(35,392)
Net Expense Recognized in Statement of Profit and Loss	41,216	1,12,843
Principal Assumptions Used		
Discount Rate		8%
Expected Return on Plan Assets		9%
Salary Escalation Rate		7%
Major Categories of Plan Assets		
Insurer Managed Funds		100%

Gratuity Cost for the year also included Rs. 11,159 being amount paid to insurer towards premium of life cover included in the policy and Rs. 37,731 paid to retiring employee directly by the Company without drawal from the Fund.



The break up of the net deferred tax liability is as under :

Particulars	31.03.2010 Rs.	31.03.2009 Rs.
⇒ Deferred tax liability on account of difference between accounting and tax depreciation	1,67,55,167	1,67,12,376
⇒ Deferred tax liability on account of Foreign Currency Monetary Item Translation Difference Account	91,702	7,61,376
<b>Total Deferred Tax Liabilities</b>	<b>1,68,46,869</b>	<b>1,74,73,752</b>
⇒ Deferred tax asset on account of Liabilities provided in the books but allowable for tax purpose only when actually paid	2,99,141	2,45,618
⇒ Deferred tax asset on account of unabsorbed depreciation as per tax laws	Nil	15,40,666
<b>Total Deferred Tax Assets</b>	<b>2,99,141</b>	<b>17,86,284</b>
<b>Net Deferred Tax Liabilities as at 31<sup>st</sup> March</b>	<b>1,65,47,728</b>	<b>1,56,87,468</b>

Deferred Tax Assets on Account of Provision for Diminution in Value of Investments are not recognized since there is no reasonable certainty that Company will have future taxable capital gains income against which such deferred tax assets can be realized.

### 35. Disclosure as per Accounting Standard 19 on "Accounting for Leases"

The Company has obtained certain premises and equipment on lease / leave and license basis. All the agreements fall under operational leases as per the accounting and recognition policy of the Company.

Particulars	31.03.2010 Rs. in lacs	31.03.2009 Rs. in lacs
⇒ Lease Payments recognized in the Profit and Loss Account	6,00,000	5,79,102
⇒ In respect of one agreement, refundable interest free deposits have been given		

### 36. Impairment of Assets:

As a tool to measure to the value of fixed assets, the Company has considered the technical Valuation carried out by expert in the immediate past. In terms of the valuation report and further in absence of any indications, external or internal, as to any probable impairment of assets, no provision has been made for the same during the year under report. However, Valuation relating to Delhi Office and Furniture has not been obtained and hence it is not possible to determine the impairment, if any, on account of those assets.





37. There are no amounts pending to be transferred to the Investors Education and Protection Fund as at the end of the year.

38. The figures in respect of previous year have been regrouped / recast wherever necessary to conform to the current years' classifications

Signature to schedules A to S

For **NARESH & CO**  
**CHARTERED ACCOUNTANTS**

For **SHILCHAR TECHNOLOGIES LIMITED**

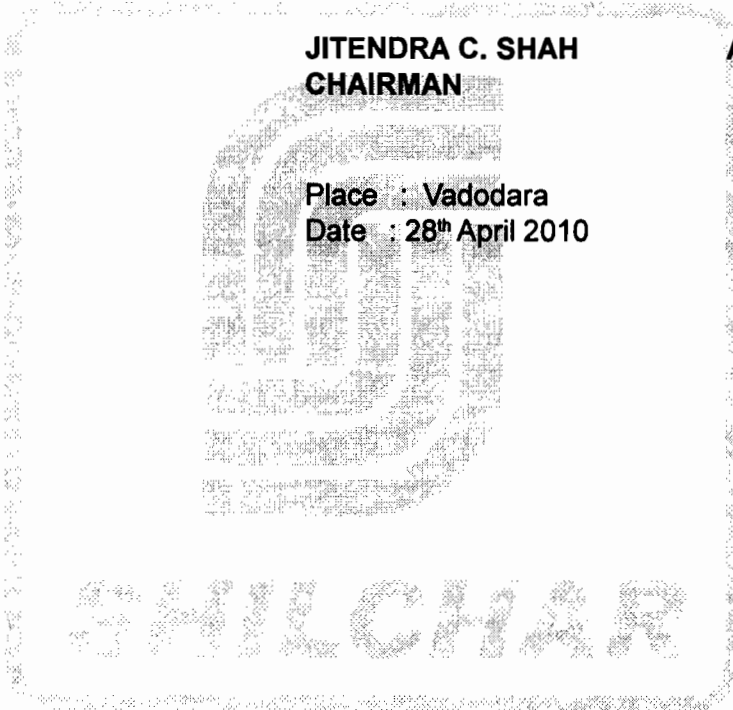
**CA HARIN PARIKH**  
**PARTNER**  
**(M.R.N. 107606)**

**JITENDRA C. SHAH**  
**CHAIRMAN**

**ALAY SHAH**  
**M. D.**

Place : Vadodara  
Date : 28<sup>th</sup> April 2010

Place : Vadodara  
Date : 28<sup>th</sup> April 2010





**DETAILS AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 ARE GIVEN BELOW**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**1) REGISTRATION DETAILS**

REGISTRATION NO. : 04-8387  
STATE CODE : 04 GUJARAT  
BALANCE SHEET DATE : 31-03-2010

**2) CAPITAL RAISED DURING THE YEAR**

PUBLIC ISSUE : NIL  
RIGHTS ISSUE : NIL  
BONUS ISSUE : NIL  
PRIVATE PLACEMENT : NIL

**3) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

TOTAL LIABILITIES : Rs. 39,44,87,860  
TOTAL ASSETS : Rs. 39,44,87,860

**SOURCES OF FUNDS**

PAID UP CAPITAL : Rs. 3,81,34,000  
RESERVES AND SURPLUS : Rs. 15,00,52,168  
SECURED LOANS : Rs. 16,45,27,298  
UNSECURED LOANS : Rs. 2,49,27,525  
DEFERRED TAX LIABILITY : Rs. 1,68,46,869

**APPLICATION OF FUNDS**

NET FIXED ASSETS : Rs. 14,87,90,467  
INVESTMENTS : Rs. 70,07,000  
DEFERRED TAX ASSETS : Rs. 2,99,141  
NET CURRENT ASSETS : Rs. 23,81,21,459  
MISC. EXPENSES : Rs. 2,69,792

**4) PERFORMANCE OF THE COMPANY**

TURNOVER : Rs. 71,08,33,083  
TOTAL EXPENDITURE : Rs. 68,66,18,819  
PROFIT BEFORE TAX : Rs. 2,42,14,264  
PROFIT AFTER TAX : Rs. 1,53,54,005  
DIVIDEND RATE : 10%  
EARNINGS PER SHARE  
(ANNUALISED) : Rs. 4.03



**5) GENERIC NAMES OF FOUR PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY**

ITEM CODE NO	:	85045090
PRODUCT DESCRIPTION	:	R-CORE TRANSFORMERS AND PARTS THEREOF
ITEM CODE NO.	:	85049010
PRODUCT DESCRIPTION	:	E I LAMINATION
ITEM CODE NO.	:	85043100,85043200,85042100,85042200, 85042310
PRODUCT DESCRIPTION	:	DISTRIBUTION&POWER TRANSFORMER
ITEM CODE	:	85049010
PRODUCT DESCRIPTION	:	R-CORE





PROXY FORM

SHILCHAR TECHNOLOGIES LIMITED  
REGD. OFFICE : BIL ROAD, BIL - 391 410  
DIST. BARODA

I/We \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ being Member

Members of Shilchar Technologies Limited, hereby appoint Shri / smt. \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy attend and vote for me/us, and on my behalf, at the Twenty Fourth Annual Meeting of the  
Company, to be held on 28th July 2010 and at any adjournment thereof.

As Witness my/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Registered Folio No. : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

Note This proxy must be deposited at the registered Office of the Company at Bil Road, Bil - 391 410.  
Dist. Baroda not less than forty eight hours before the time for holding the meeting.

ATTENDANCE

SHILCHAR TECHNOLOGIES LTD.

Regd. Office : Bil Road, Bil - 391 410. Dist. Baroda.

Name of the person attending \_\_\_\_\_

Registered Folio No. \_\_\_\_\_ No. of shares held \_\_\_\_\_

"proxy or second/third joint holder, name of first shareholder \_\_\_\_\_

I hereby record my/our presence at the Twenty Fourth Annual General Meeting of the Company held at Registered  
Office of the Company at Bil Road, Bil-391 410, Dist. Baroda on 28th July, 2010.

Signature (s)

IMPORTANT

This attendance slip duly filled in may please in may please be handed over at the entrance of the Meeting Hall.



**SHILCHAR  
TECHNOLOGIES LIMITED**

Bil Road, Bil 391 410, Dist. Buxar, India.

Phone : 0265-268 0466, 268 0566 Fax : 0265-268 0611

email : [info@shilchargroup.com](mailto:info@shilchargroup.com)

Visit us at [www.shilchargroup.com](http://www.shilchargroup.com)