



ANNUAL REPORT 2010-2011





Corporate Information

BOARD OF DIRECTORS

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

BANKERS

Bank of Baroda
Standard Chartered Bank

AUDITORS

Naresh & Company
Chartered Accountants
2nd 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 Fifth 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 Saturday, the 30th day of July, 2011 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 31st March, 2011 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 31st March, 2011.
3. To appoint a Director in place of Mr. O. P. Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajesh Varma, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Naresh & Co., (having ICAI Reg. No. 106928W) Chartered Accountants, Vadodara, as Auditors of the Company, to hold Office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

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

Place: Bil, Dist. Vadodara
Date: 28.05.2011

ALAY SHAH
MANAGING DIRECTOR

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

Name of Director	Shri O. P. Khanna	Shri Rajesh Varma
Date of Birth	24.10.1938	17.11.1964
Date of Appointment	01.01.1995	27.10.2008
Expertise in Specific Functional Area	Technocrat	Accounting, Finance and Taxation
Qualifications	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.	Bachelor of Commerce (University of Mumbai) and Fellow Member of the Institute of Chartered Accountants of India.
Directors in other public limited companies	NIL	NIL
Other positions	Honorary Director / Trustee of various NGOs.	He is a member of the Expert Committee on Power and Energy conservation of the Bombay Chamber of Commerce and Industry.
Membership of committees in other public limited companies	NIL	NIL
Shares held in the company	NIL	NIL



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, 25.07.2011 to Saturday, 30.07.2011 (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.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Fifth Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 2011.

1. Financial Results

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Sales (net of excise duty) and other income	9347.09	7108.33
Profit Before Interest and Depreciation	614.07	590.56
Less :		
a) Interest	337.90	206.68
b) Depreciation	98.87	95.46
PROFIT / LOSS BEFORE TAX & EXTRA ORDINARY ITEMS	177.30	288.42
Add : Interest on I.T.Refunds	1.61	0.45
Add : Excess Provision written back	0.38	0.18
Less : Prior year's I T Adjustments	(2.25)	44.21
Less : Foreign currency Montetary Item Translation Difference Account Write Off	2.47	2.70
PROFIT BEFORE TAXATION	179.08	242.14
Provision for Tax - Current	67.35	80.00
- Deferred	(4.47)	8.60
PROFIT AFTER TAX	116.20	153.54
Balance brought forward from previous year	869.17	760.24
Amount available for appropriation	985.37	913.78
APPROPRIATION		
Transfer to Foreign currency Monetary Item Translation Difference	0.11	0.00
Proposed Dividend on Equity Share	19.07	38.13
Corporate Dividend Tax on above	3.17	6.48
Balance Carried over to next year	963.13	869.17

2. Dividend:

Your Directors recommend 5% 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. 21.54 lacs including dividend distribution tax of Rs. 3.17 lacs as against Rs. 44.61 lacs including dividend distribution tax of Rs. 6.48 lacs in the previous year.

3. Operational Highlights:

During the year under review, your Company has achieved Sales of Rs. 9347.09 lacs as against Rs. 7108.33 lacs in the preceding year, showing volume growth of around 31.49%. Out of the total sales, the Company has achieved sales worth Rs. 7841.81 lacs towards sales of Distribution & Power Transformers which accounts for around 84.58% of total sales. The exports of the Company steadily grew from Rs. 846.44 lacs in the previous year to Rs. 904.52 lacs in the current year.

The Company has recorded a profit after tax Rs.116.20 lacs as compared to Rs. 153.54 lacs in the financial year ended 2009-10. The margins are depleted due to increase in raw material prices, manufacturing and operating cost and finance cost.

The efforts are made to reduce operating and finance cost, to minimize movement of raw materials, components and labour, to improve designs and lay outs and to enhance overall efficiency. Simultaneously, the Company is developing energy efficient transformers having application in Solar, Windmill and Hydel projects. This Green initiative adopted by your Company will apart from contributing towards social cause will help in achieving better yields and to lead for improving bottom line.

4. Accreditation:

Your Company has been authorized by the Bureau of Energy Efficiency (BEE) for using three (3) Star Rating labels on its Distribution Transformers with the capacity of 25KVA/63KVA/100KVA and 200KVA, respectively and during the period under review, it has applied for upgrading the same to four (4) Star Rating labels.

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 been optimally utilizing its fund based and non fund based working capital requirements as tied up with 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. Management Discussion and Analysis:

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

7. 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.

8. Directors:

Mr. O. P. Khanna and Mr. Rajesh Varma retire by rotation, and being eligible, offer themselves for re-appointment.

9. 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.

10. Auditor's Report:

The Auditors, in their Report, have referred to the notes forming part of the accounts. The said notes are self-explanatory.

11. Fixed Deposits:

Your Company has not accepted any fixed deposits.

12. 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.

13. 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.

14. Directors' Responsibility Statement:

The Directors state that:

- (i) in the preparation of the annual accounts for the financial year ended 2010-11, 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 judgments 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 2010-11 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.

15. 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.

16. Personnel / Industrial relations:

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

17. 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.

For and on behalf of the Board of Directors
For **SHILCHAR TECHNOLOGIES LIMITED**

Place: Bil, Dist. Vadodara
Date: 28.05.2011

JITENDRA C. SHAH
CHAIRMAN



Annexure-1 to the Director's Report 2010-11

Management Discussion and Analysis

a) Industry Overview

The Indian Transformer industry has developed for over 50 years and has a well matured technology base and manufactures all types of transformers and can very well meet the country's demand for transformers up to 800 KV now going up to 1200KV. The industry enjoys a good reputation in terms of quality, price and delivery in the domestic as well as overseas markets even in advanced countries. The Indian transformer industry can generally be divided into distribution transformers, power transformers, generating transformer and other types of special transformers for welding, traction, furnace etc.

The industry is gradually consolidating its position under the forum of ITMA and BEE and aiming for production of low loss power transformers. With the active support of ITMA, the Transformer Industry is moving forward for manufacturing energy efficient transformers, whether Amorphous Metal material or CRGO is used for core material. BEE has rationalized losses for transformers upto 200 KVA and efforts are on to recommend losses upto 2500 KVA transformers. The IEEMA Price Index formula which assigns weights to the inputs has become accepted norm by the Industry players, thus protecting both supplier and buyer, whenever prices of raw materials are up and down.

b) Opportunities

The future of Transformer Industry in India is bright. Requirements of all types and ratings for transformers be it small distributors or large power transformers are on the rise. The power is very important subject for the economic growth society. Realizing the importance of power, the central government has been delivering liberal policies during XIth plan period of 2007-12 which has attracted huge investment from public and private players for generation, transmission and distribution of electricity and it is expected that the same will continue during XIIth plan period of 2012-17. This has given rise to huge demand of transformers to cope up with system requirements in order to fulfill the declared goal of India for providing electricity to all by 2012 and at the same time to increase per capita consumption from 700 to 1000 units. Coupled with this demand arising from the replacement market also points to a promising future for the companies in this segment. RGGVY, R-APDRP are some of the flagship government projects that are likely to further boost the demand for transformers in the immediate short to medium term.

c) Threats

The Industry started facing slower growth in revenue and margin contraction due to building up of over capacity and intensified competition.

Recently, due to high volatility in the prices of commodities seen worldwide, managing the inventory utilization and working capital has becoming challenge for transformer industry.

Cold Rolled Grain Oriented Steel (CRGO) is a critical input for transformers, which is normally imported from the US, Europe or Asia. Indian manufacturers including the Company are thus exposed to possible constraints on timely and qualitative availability of CRGO.

Copper and Steel are other major raw materials used in manufacturing of transformers. The prices of copper linked to LME Price. Prices of Copper and Steel are cyclic in nature. Fluctuations in their prices can affect margins of transformer manufacturers.

Transformer Oil constitutes about 7% of the input cost. The price of transformer oil is directly linked to the base oil prices. The Industry is facing serious problem in the form of Inadequate testing facilities for distribution and power transformers within the country. This constrains leads to high failure rate in transformers.

The growing presence of MNCs in the Indian power and distribution transformers market is a cause for concern for local manufacturers.

The delay in supply of power equipments, inability to get adequate fuel linkages, possible slow down in world economy due to Japan's post tsunami effects, reviewing of atomic power stations and related policy by government, and possible slow down in capital expenditure and losing out the momentum in adding new power generation capacity etc. poses fresh threats for transformer industry.

d) Segment wise performance

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. The Company's customers could be broadly divided into two main segments viz. State Utilities and Private Industrial Companies.

e) Outlook

The Company remains optimistic about the future of transformer industry owing to sharp rise in power generation capacities in India and with the growing opportunities of export in the global market. With the increasing awareness and "Go Green" drive undertaken by the Government of India, the demand for energy efficient transformers will be on a rising trend. Considering the current order booking position and ability and confidence of the management to perform during difficult times, your Company sees clear growth visibility in time to come.



f) 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.

g) 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 2010-11

Particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2011

Sr. No.	Particulars
[A]	Conservation of Energy:
(a)	Energy conservation measures taken:
1.	Application of Gas based Ovens.
2.	The lighting changed to Picture Tube Lights (PL)
3.	At Plant II, the MH Lamps installed.
4.	The Company 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 purchased screw Compressor in place of Reciprocating Compressors.
7.	At shop floor, Air Ventilators installed.
8.	The consumption of Diesel is under close supervision.
9.	Putting trust on developing energy efficient transformers.
(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]	Technology Absorption:
(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 31.03.2011, the Company spent Rs.56.67 lacs on R & D activities, being 0.60% of its total turnover, as compared to Rs. 35.43 lacs, being 0.50% 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	2010-11	2009-10
01.	Earning from Export during the year	9,39,34,968/-	8,10,46,415/-
02.	Outgo:		
	a) CIF value of Imports	6,48,57,690/-	6,30,39,351/-
	b) Expenditure in foreign currency	12,11,317/-	10,68,674/-
	c) Traveling	2,58,040/-	4,68,350/-

For and on behalf of the Board of Directors
For **SHILCHAR TECHNOLOGIES LIMITED**

Place: Bil, Dist. Vadodara
Date: 28.05.2011

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, 2011. 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, comment is not required.
4. The Board of Directors duly met 05 (Five) times on 28.04.2010, 28.07.2010, 27.10.2010, 21.12.2010 and 29.01.2011 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 26.07.2010 to 28.07.2010 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2010 was held on 28th July, 2010 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. The Company has obtained necessary approvals from the Board of Directors and members pursuant to section 314 of the Act wherever applicable.
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–2010" with Bank of Baroda, Alkapuri Branch, Vadodara on 28.07.2010 which is within five days from the date of declaration of dividend in the AGM held on 28.07.2010.



- (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 – 2010" with Bank of Baroda, Alkapuri Branch, 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 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 31st March, 2011 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, investments 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 and complied with the provisions of the Act.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the 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: 26.04.2011

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: 26.04.2011

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 31st March, 2011.

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 No. 8	135	Securing modified limits of Rs. 12.50 crores in favour of Standard Chartered Bank, Vadodara (HP Charge).	06/05/10	A84562214 Rs. 500/-	Yes	No
2	Form No. 8	135	Securing modified limits of Rs. 44 crores in favour of Bank of Baroda, Alkapuri Branch, Vadodara (HP Charge).	26/06/10	A87891099 5500/-	Yes	No
3	Form No. 8	135	Securing modified limits of Rs. 39 crores in favour of Bank of Baroda, Alkapuri Branch, Vadodara (EM Charge).	26/06/10	A87890455 500/-	Yes	No
4	Form No. 8	135	Securing modified limits of Rs. 47 crores in favour of Bank of Baroda, Alkapuri Branch, Vadodara (HP Charge).	07/01/11	B02530731 500/-	Yes	No
5	Form No. 23	192	Resolutions passed at the 24 th Annual General Meeting (AGM) held on 28.07.2010.	07/08/10	A90821349 500/-	Yes	No
6	Form No. 66	Rule 3 of the Companies Compliance for the F.Y.2009-10 Certificate Rules, 2001	Pursuant to Rule 3 of the Companies (Compliance Certificate) Rule 2001	17/08/10	P49698913 Rs. 500/-	Yes	No
7.	Form No. 23AC & ACA	220	Towards the Filing of Annual Accounts for the year ended 31.03.10	17/08/10	P49700552 Rs. 500/-	Yes	No
8.	Form 20B	159	In relation to Filing of Annual Return for the AGM held on 28.07.2010	21/08/10	P49979768 Rs. 500/-	Yes	No

Place: Vadodara
Date: 26.04.2011

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 31st March, 2011, 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 Promoter 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.

(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 five times on 28.04.2010, 28.07.2010, 27.10.2010, 21.12.2010 and 29.01.2011.

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	4	75%
Mr. Ashesh Shah	NED	4	75%
Mr. Alay Shah	MD	5	100%
Mr. Mukesh Patel	NED	5	100%
Mr. O.P.Khanna	NED	3	60%
Mr.Kirtikant P. Shah	NED	0	0%
Mr. Rajesh Varma	NED	3	60%

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

Mr. Mukesh D. Patel and Mr. Rajesh Varma attended the Annual General Meeting of the Company held on 28.07.2010.

(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 C Shah	2	NIL	NIL
Mr. Ashesh Shah	2	NIL	NIL
Mr. Alay Shah	1	NIL	NIL
Mr. Mukesh Patel	9	04	09
Mr. O. P. Khanna	1	NIL	NIL
Mr. Kirti 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 24th Annual General Meeting has already been provided hereinabove.

(e) Board Procedure

The Compliance Officer prepares the agenda in consultation with the Managing Director and the Chairmen of various committees. The detailed agenda folders for the Board Meeting as well as Committee meetings are circulated to the Directors with relevant information in advance of the meetings. The Board Meetings as well as General Meetings are held at the Registered Office of the Company. The Board of Directors provides valuable guidance and a head way in achieving the long term objectives of the Company.

3. Audit Committee

(a) Terms of Reference

The terms of reference of this Committee include matters specified in the Listing Agreement and the Companies Act, 1956 and are specified by the Board in writing. Besides having access to all the required information from within the Company, the Committee may obtain external professionals advice, whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, to review reports of the Statutory and the Internal Auditors and to meet them to discuss their findings, suggestions and other related matters. The Committee is empowered to review the remuneration payable to the Statutory Auditors.

It may be clarified that the role of the Audit Committee includes matters specified under Clause 49 II (D) of the Listing Agreement entered into between the Company and The Stock Exchange, Mumbai, Ahmedabad and Vadodara on which the Company's shares are listed.

(b) Composition, name of members and Chairman

As on 31st March 2011, the Audit Committee comprised of 3 Non-Executive Directors viz. Mr. Mukesh Patel, Mr. O. P. Khanna and Mr. Rajesh Varma, all three being independent Directors with the Mr. Alay Shah, being a Permanent Invitee to the Committee. Mr. Rajesh Varma is the Chairman of the Committee. All the members of Audit Committee have financial and accounting knowledge.

(c) Meetings and attendance during the year

Four meetings were held during the financial year 1st April, 2010 to 31st March, 2011. 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	3	75%
Mr. Mukesh D. Patel	Director	4	100%
Mr. Rajesh Varma	Chairman	3	75%

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 31st March, 2011, 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 1st April, 2010 to 31st March, 2011. 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. Kirti P. 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 1st April, 2010 to 31st March, 2011)

	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 is used at a discount as well as the period over which accrued and over which exercisable
Mr. Alay Shah (MD)	Rs. 21.62 Lacs	Nil	Nil	Nil
Mr. Ashesh Shah (NED)	Rs. 15 Lacs	Nil	Nil	Nil

Notes:

- 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.
- 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.
- Requisite sitting fees paid to the Non Executives Directors during the year under review.
- During the FY 2010-11, the Company did not have a scheme for grant of stock options to its employees.

5. Transfer & Shareholders/Investors' Grievance Committee.

As on 31st March, 2011, the Transfer and Shareholders' / Investors' Grievance Committee comprised of Mr. Mukesh D. 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		
Location		Date & Time
(i) Shilchar Technologies Limited, Bil Road, Bil 391 410 District Vadodara.		28/07/2010 3.00 p.m.
(ii) ——— do ———		30/07/2009 3.00 p.m.
(iii) ——— do ———		30/07/2008 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)	25 th AGM Date, Time and Venue	:	30 th July 2011 at 3.00 p.m. at Shilchar Technologies Limited, Bil Road, Bil, District Vadodara - 391 410.																																																				
(b)	Financial calendar	:	i. April 2011 to March 2012																																																				
		:	ii. First Quarter 2011 Results – on or before 31 st July 2011.																																																				
		:	iii. Second Quarter/ Half yearly Results 2011 – on or before 31 st October 2011.																																																				
		:	iv. Third Quarter 2011 Results – on or before 31 st January 2012																																																				
		:	v. Audited Results for the Fourth Quarter/ Year ending 31 st March 2012, - on or before 31 st May, 2011.																																																				
(c)	Date of Book closure	:	25 th July 2011 to 30 th July 2011 (both days inclusive)																																																				
(d)	Dividend Payment date	:	On or after 1 st August 2011, if declared at Annual General Meeting on 30 th July 2011.																																																				
(e)	Listing on Stock Exchange.	:	The Company has paid Listing Fees for the period 1 st April, 2011 to 31 st March 2012 to VSE & BSE.																																																				
(f)	(i) Stock Code – Physical	:	531201																																																				
	(ii) Demat ISIN Number for NSDL & CDSL	:	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 2010-11 at the Stock Exchange, Mumbai were as under. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Month</th> <th>High</th> <th>Low</th> <th>Close</th> </tr> </thead> <tbody> <tr><td>April, 2010</td><td>77.70</td><td>62.00</td><td>77.70</td></tr> <tr><td>May, 2010</td><td>76.00</td><td>65.10</td><td>71.00</td></tr> <tr><td>June, 2010</td><td>79.90</td><td>70.30</td><td>75.00</td></tr> <tr><td>July, 2010</td><td>106.35</td><td>68.50</td><td>92.35</td></tr> <tr><td>August, 2010</td><td>107.00</td><td>83.45</td><td>97.40</td></tr> <tr><td>September, 2010</td><td>138.30</td><td>93.00</td><td>101.20</td></tr> <tr><td>October, 2010</td><td>116.05</td><td>92.50</td><td>95.10</td></tr> <tr><td>November, 2010</td><td>120.00</td><td>85.00</td><td>100.65</td></tr> <tr><td>December, 2010</td><td>112.00</td><td>68.90</td><td>84.95</td></tr> <tr><td>January, 2011</td><td>100.00</td><td>72.10</td><td>88.85</td></tr> <tr><td>February, 2011</td><td>108.40</td><td>75.10</td><td>84.80</td></tr> <tr><td>March, 2011</td><td>95.00</td><td>72.10</td><td>79.00</td></tr> </tbody> </table>	Month	High	Low	Close	April, 2010	77.70	62.00	77.70	May, 2010	76.00	65.10	71.00	June, 2010	79.90	70.30	75.00	July, 2010	106.35	68.50	92.35	August, 2010	107.00	83.45	97.40	September, 2010	138.30	93.00	101.20	October, 2010	116.05	92.50	95.10	November, 2010	120.00	85.00	100.65	December, 2010	112.00	68.90	84.95	January, 2011	100.00	72.10	88.85	February, 2011	108.40	75.10	84.80	March, 2011	95.00	72.10	79.00
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(h) Stock Performance in comparison to Broad-based indices BSE Sensex.	:	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 31.03.2011

Nominal Value of Shares in	Shareholders		Nos. of Shares	
	Holders	% To Total	Number	%
Up to 500	526	90.38	83162	2.18
501 To 1,000	28	4.81	21416	0.56
1,001 To 2,000	9	1.55	14373	0.38
2,001 To 3,000	6	1.03	14634	0.38
3,001 To 4,000	1	0.17	6400	0.17
4,001 To 5,000	1	0.17	13040	0.34
5,001 To 10,000	1	0.17	15000	0.39
10,001 To 50,000	1	0.17	60300	1.58
50,001 To 1,00,000	1	0.17	87910	2.31
And Above	8	1.37	3497165	91.71
Total	582	100.00	3813400	100.00

(l) Dematerialization of Shares and liquidity	:	98.06% of the paid-up capital has been dematerialized as on 31 st March, 2011.
(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

a. Chairman of the Board 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	:	An office has been provided to the Non-Executive Chairman at the Registered Office of the Company.
b. Remuneration Committee	:	Please refer to Sr. No. 4 of this Report



c. Shareholder rights – 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	:	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.
d. Postal Ballot	:	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.
e. Audit Qualifications	:	The financial statements of the Company are unqualified for the year ended 31.03.2011. except, for para no. (ix) (a) of the Annexure to Auditors' Report dta. 28-4-2010
f. Training of Board Members	:	All the Directors have adequate exposure in corporate matters and have expertise in their areas of specialization. Hence, not considered necessary.
g. Mechanism for evaluating Non- Executive Directors	:	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.
h. Whistle Blower Policy	:	Whistler Blower Policy is not adopted by the Company.

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 31st March, 2011.

For and on behalf of the Board of Directors
For **SHILCHAR TECHNOLOGIES LIMITED**

Place: Bil, Dist. Vadodara
Date: 28.05.2011

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, 2011 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, 2011, against the Company, as per records maintained by the Investors Grievance/Share transfer Committee of the Company.

For **NARESH & CO.**
CHARTERED ACCOUNTANTS
FRN : 106928W

HARIN PARIKH
PARTNER
M.R.N. 107606

Place: Bil, Dist. Vadodara
Date: 28.05.2011



**AUDITOR'S REPORT
To the Members**

We have audited the attached Balance Sheet of **SHILCHAR TECHNOLOGIES LIMITED as at 31st March, 2011** 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 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011,
 - (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)**

*Place : Vadodara
Date : 28th May, 2011*

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



ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph 1 or our report of even date on the accounts for the year ended 31st March 2011 of Shilchar Technologies Limited)

- (i) (a) The Company has maintained proper records showing full particulars including Quantitative Details since 2000. 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 some old machinery.
- (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 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, the Company manufactures various types of Transformers and related Products. However "Power Transformers" are the only Products which are covered in the list of Engineering Goods 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.

We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company for Power Transformers (as classified, categorized and identified by the Management) pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of these records with a view to determine whether they are accurate or complete.



(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. 1st 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 31st March, 2011 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.
- (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)

Place : Vadodara
Date : 28th May, 2011

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



BALANCE SHEET AS AT 31st MARCH, 2011

	SCHEDULE	YEAR ENDED AS AT 31.03.2011 Amount Rs.	YEAR ENDED AS AT 31.03.2010 Amount Rs.
I. SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Share Capital	A	38,134,000	38,134,000
(b) Reserves and Surplus	B	158,360,361	150,052,168
(2) Loan Funds			
a) Secured Loans	C	304,609,009	164,527,298
b) Unsecured Loans	D	36,361,521	24,927,525
(3) Deferred Tax Liabilities		16,633,731	16,846,869
TOTAL		554,098,622	394,487,860
II. APPLICATION OF FUNDS			
(1) Fixed Assets	E		
(a) Gross Block		267,939,346	243,700,240
(b) Less : Depreciation / Amortization		105,167,215	94,909,773
(c) Net Block		162,772,131	148,790,467
Capital Work-in-Progress		-	-
(2) Investments	F	7,007,000	7,007,000
(3) Deferred Tax Assets		532,607	299,141
(4) Current Assets, Loans and Advances	G		
(a) Interest Accrued but not due		1,262,674	877,394
(b) Inventories		175,556,135	159,083,076
(c) Sundry Debtors		440,669,262	321,477,554
(d) Cash and Bank Balances		35,917,149	22,676,044
(e) Loans and Advances		35,853,188	31,170,924
		689,258,408	535,284,992
Less: Current Liabilities and Provisions	H		
(a) Liabilities		294,909,692	283,821,834
(b) Provisions		10,561,832	13,341,699
		305,471,524	297,163,533
Net Current Assets		383,786,884	238,121,459
(5) Miscellaneous Expenditure (To the extent not written off or adjusted)	I	-	269,792
TOTAL		554,098,622	394,487,860
Significant Accounting Policies & Notes to Accounts	S		

As per our report attached of even date
For **NARESH & CO.**
CHARTERED ACCOUNTANTS
FRN : 106928W

For **SHILCHAR TECHNOLOGIES LIMITED**

CA HARIN PARIKH
PARTNER
Mem No. 107606

ALAY SHAH
M.D.

JITENDRA SHAH
CHAIRMAN

Place : Bil, Vadodara
Date : 28th May 2011

Place : Bil, Vadodara
Date : 28th May 2011



**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2011**

	SCHEDULE	YEAR ENDED AS AT 31.03.2011 Amount Rs.	YEAR ENDED AS AT 31.03.2010 Amount Rs.
INCOME			
Gross Sales	J	1,021,645,990	768,361,304
Less : Excise Duty on Sales		86,936,880	57,528,221
Net Sales and Operating Income		934,709,110	710,833,083
Other Income	K	5,903,222	4,397,582
Increase / (Decrease) in stock	L	5,133,162	8,815,638
		945,745,494	724,046,303
EXPENSES			
Raw Materials & Others Consumed	M	750,397,444	569,621,626
Manufacturing & Operating Expenses	O	58,782,434	39,522,177
Human Resources Cost	N	25,246,028	20,092,994
Administrative Expenses	P	38,335,853	27,073,598
Selling & Distribution Expenses	Q	11,576,566	8,679,700
Financial Charges	R	33,790,106	20,668,194
Depreciation / Amortization		9,886,594	9,545,817
		928,015,025	695,204,106
Profit Before Taxation & Extraordinary Items		17,730,469	28,842,197
Add : Interest on Income Tax Refunds		161,142	45,250
Add : Excess Provision for Expenses written Back		38,321	17,652
Less : Foreign Currency Monetary Item Translation Difference Account Write Off		246,933	269,791
Less : Prior year's Income Tax Adjustments		(225,286)	4,421,044
Profit Before Taxation		17,908,285	24,214,264
Provision for Taxation - Current Tax		6,735,000	8,000,000
Provision for Taxation - Deferred Tax		(446,604)	860,259
Profit After Tax		11,619,889	15,354,005
Balance Brought forward		86,916,646	76,024,254
Balance available for appropriation		98,536,535	91,378,259
Proposed Dividend on Equity Shares		1,906,700	3,813,400
Corporate Dividend Tax on above		316,739	648,213
Balance carried to Balance Sheet		96,313,096	86,916,646
Significant Accounting Policies & Notes to Accounts	S		
Earning per Share - Basic		3.05	4.03
- Diluted		3.05	4.03

As per our report attached of even date
For **NARESH & CO.**
CHARTERED ACCOUNTANTS
FRN : 106928W

For **SHILCHAR TECHNOLOGIES LIMITED**

CA HARIN PARIKH
PARTNER
Mem No. 107606

ALAY SHAH
M.D.

JITENDRA SHAH
CHAIRMAN

Place : Bil, Vadodara
Date : 28th May 2011

Place : Bil, Vadodara
Date : 28th May 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Sr.	Item	For the Year ended 31.3.2011 Rupees	For the Year ended 31.3.2010 Rupees
A.	Cash flow from Operating Activities :		
	<i>Net Profit before Tax & Extra Ordinary Items</i>	17,730,469	28,842,197
	Adjustment for :		
	Depreciation & Write-offs	9,886,594	9,545,817
	Deferred Revenue Expenses (FCMITD Write Off)	(246,933)	(269,791)
	Prior Period Adjustments	724,696	498,108
	Loss/(Profit) on Sale of Investments/Assets	(228,340)	(3,843,205)
	Foreign Currency Monetary Item Translation Diff.	22,858	1,700,417
	Interest	33,790,106	20,668,194
	<i>Operating Profit before Working Capital Changes</i>	61,679,450	57,141,737
	Adjustments for :		
	(Increase)/Decrease in Trade Receivables	(119,191,708)	(88,871,233)
	(Increase)/Decrease in Inventories	(16,473,059)	(63,101,401)
	(Increase)/Decrease in Loans & Advances (Trade)	(4,223,100)	(9,908,697)
	Increase/(Decrease) in Trade Payable	25,685,228	86,130,751
	Increase/(Decrease) in Other Current Liabilities	(13,874,063)	14,827,043
	<i>Cash Generated from Operations</i>	(66,397,252)	(3,781,800)
	Interest Paid	33,790,106	20,668,194
	Direct Taxes Paid	8,619,157	4,698,257
	<i>Cash Flow before Extra Ordinary Items</i>	(108,806,515)	(29,148,251)
	Extra Ordinary Items	446,396	332,693
	Prior Period Items (being cash items)	(724,696)	(498,108)
	Net Cash Flow from Operating Activities	(109,084,815)	(29,313,666)
B.	Cash flow from Investing Activities		
	Purchase of Fixed Assets	(25,078,174)	(2,785,678)
	Net Proceeds from Sale of Fixed Assets	350,000	4,400,000
	Redemption of Preference Shares	-	-
	Dividend Paid (incl. Tax Thereon)	(4,461,613)	(2,230,807)
	Dividend Received	-	-
	Investments	-	-
	Sale of Investments	-	55,000
	Net Cash used in Investment Activities	(29,189,787)	(561,485)
C.	Cash Flow from Financing Activities		
	External Commercial Borrowings (net of repayment)	(5,387,083)	(1,700,417)
	Increase/(Decrease) in Short Term Borrowings	-	-
	Increase/(Decrease) in Bank Borrowings	156,902,790	40,218,903
	(Increase)/Decrease in Margin Money	(12,891,492)	(6,848,017)
	Net Cash used in Financing Activities	138,624,215	31,670,469
D.	Net Increase/(Decrease) in Cash and Cash Equivalents	349,613	1,795,318
	Cash and Cash Equivalents (Opening)	2,685,821	890,503
	Cash and Cash Equivalents (Closing)	3,035,434	2,685,821

As per our report attached of even date

For **NARESH & CO.**
CHARTERED ACCOUNTANTS
FRN : 106928W

For **SHILCHAR TECHNOLOGIES LIMITED**

CA HARIN PARIKH
PARTNER
Mem No. 107606

ALAY SHAH
M.D.

JITENDRA SHAH
CHAIRMAN

Place : Bil, Vadodara
Date : 28th May 2011

Place : Bil, Vadodara
Date : 28th May 2011

**SCHEDULES FORMING PART OF BALANCE SHEET
AS AT 31st MARCH 2011**

	YEAR ENDED AS AT 31.03.2011 Amount Rs.	YEAR ENDED AS AT 31.03.2010 Amount Rs.
SCHEDULE - (A)		
SHARE CAPITAL		
AUTHORISED CAPITAL		
50,00,000 Equity Shares of Rs.10 each	50,000,000	50,000,000
ISSUED SUBSCRIBED AND PAID UP		
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		
TOTAL	38,134,000	38,134,000
SCHEDULE - (B)		
RESERVES & SURPLUS		
CAPITAL RESERVES :		
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	5,328,396	6,419,564
Less: Depreciation adjusted	1,088,256	1,091,168
Balance at Quarter / Year End	4,240,140	5,328,396
REVENUE RESERVES :		
General Reserve :	10,359,273	10,359,273
Profit and Loss Account	96,313,096	86,916,647
TOTAL	158,360,361	150,052,168
SCHEDULE - (C)		
SECURED LOANS		
(See Note 4)		
For Working Capital		
From Bank of Baroda		
Cash Credit (Against Hypothecation of Stock and Book Debts)	100,714,197	25,027,378
EPC/FBD/PCFC/FCBD account (Against Export Orders and Stock of Export)	15,154,277	38,004,249
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)	65,029,206	59,988,519
From Kotak Mahindra Bank Ltd.		
Bill Discounting (against LC's of Customers duly confirmed by their/our Bankers)	107,485,016	33,613,679
From ICICI Bank Ltd.		
Bill Discounting (against LC's of Customers duly confirmed by their Bankers)	14,513,276	-
Long Term Loans :		
From HDFC Bank		
Vehicle Loan (against hypothecation of Car)	1,713,037	-
TOTAL	304,609,009	164,527,298



**SCHEDULES FORMING PART OF BALANCE SHEET
AS AT 31st MARCH 2011**

	YEAR ENDED AS AT 31.03.2011 Amount Rs.	YEAR ENDED AS AT 31.03.2010 Amount Rs.
SCHEDULE - (D)		
UNSECURED LOANS		
For Working Capital		
From L & T Finance Limited		
Bill Discounting (against supplies to L & T Ltd.)	28,495,271	11,674,192
Long Term Loans		
Foreign Currency Loans :		
- From Others (See Note 3)	7,866,250	13,253,333
TOTAL	36,361,521	24,927,525
SCHEDULE - (F)		
INVESTMENTS		
Long Term Investments (Unquoted, At Cost) (See Note 4)		
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
TOTAL	7,007,000	7,007,000
SCHEDULE - (G)		
CURRENT ASSETS, LOANS AND ADVANCES		
a) INVENTORIES		
(As Taken, Valued and Certified by Management)		
(Refer Note 1(g))		
Finished Goods	32,804,624	27,232,708
Work in Progress	42,570,244	36,710,374
Raw Materials	100,181,267	95,139,994
TOTAL	175,556,135	159,083,076
b) SUNDRY DEBTORS		
(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 (See Note 11)	21,572,677	20,666,010
Others	419,096,585	300,811,544
TOTAL	440,669,262	321,477,554
c) CASH AND BANK BALANCES		
Cash in Hand	124,446	265,202
Balances with Banks:		
Current Accounts with Scheduled Banks	2,910,988	2,420,619
Margin Money Deposit Accounts with Scheduled Banks	32,881,715	19,990,223
TOTAL	35,917,149	22,676,044

**Schedule - E
Fixed Assets**

Particulars	Gross Block				Depreciations						Net Block			
	As At 01.04.2010	Addition During the year Cost	Deduction/Adjustment during the year		As At 31.03.2011	As At 01.04.2010 Cost	For the year		Total	Adjustment/ Deduction during the year		As At 31.03.2011	As At 31.03.2011	As At 31.03.2010
			Cost	Revaluation			Cost	Revaluation		Cost	Revaluation			
Land	9,483,292	-	-	-	9,483,292	-	-	-	-	-	-	-	9,483,292	9,483,292
Office Building	4,400,000	-	-	-	4,400,000	689,096	71,720	-	760,816	-	-	760,816	3,639,184	3,710,904
Factory Building	57,125,972	-	-	-	57,125,972	17,056,771	1,467,329	437,428	18,961,528	-	-	18,961,528	38,164,444	40,069,201
Plant & Machinery	128,821,118	1,987,939	839,068	-	129,969,989	55,491,150	5,488,903	650,828	61,630,881	717,408	-	60,913,473	69,056,516	73,329,968
Windmill	15,944,789	-	-	-	15,944,789	2,807,053	841,885	-	3,648,938	-	-	3,648,937	12,295,852	13,137,736
Computers	6,101,602	759,495	-	-	6,861,097	5,794,557	484,852	-	6,279,409	-	-	6,279,409	581,688	307,045
Furnitures & Fixtures	17,293,440	46,988	-	-	17,340,428	10,444,462	1,131,514	-	11,575,976	-	-	11,575,976	5,764,452	6,848,978
Vehicles	4,047,702	2,283,757	-	-	6,331,459	2,152,485	396,764	-	2,549,249	-	-	2,549,248	3,782,211	1,895,217
Total	243,217,915	5,078,174	839,068	-	247,457,021	94,435,581	9,882,970	1,088,256	105,406,796	717,408	-	104,689,399	142,767,640	148,782,334
Previous Year	241,044,029	2,785,681	611,795	-	243,217,915	83,894,740	9,449,673	1,091,168	94,435,581	-	-	94,435,581	148,782,334	148,782,334

Intangible Assets

Particulars	Gross Block				Amortisation						Net Block			
	As At 01.04.2010	Addition During the year Cost	Deduction/Adjustment during the year		As At 31.03.2011	As At 01.04.2010 Cost	For the year		Total	Adjustment/ Deduction during the year		As At 31.03.2011	As At 31.03.2011	As At 31.03.2010
			Cost	Revaluation			Cost	Revaluation		Cost	Revaluation			
Softwares	482,325	-	-	-	482,325	474,192	3,624	-	477,816	-	-	477,816	4,509	8,133
Total	482,325	-	-	-	482,325	474,192	3,624	-	477,816	-	-	477,816	4,509	8,133
Previous Year	482,325	-	-	-	482,325	378,048	96,144	-	474,192	-	-	474,192	8,133	8,133

Capital Advances

Particulars	Gross Block				Amortisation						Net Block			
	As At 01.04.2010	Addition During the year Cost	Deduction/Adjustment during the year		As At 31.03.2011	As At 01.04.2010 Cost	For the year		Total	Adjustment/ Deduction during the year		As At 31.03.2011	As At 31.03.2011	As At 31.03.2010
			Cost	Revaluation			Cost	Revaluation		Cost	Revaluation			
Advance for Purchase of Land	-	20,000,000	-	-	20,000,000	-	-	-	-	-	-	-	20,000,000	-
Total	-	20,000,000	-	-	20,000,000	-	-	-	-	-	-	-	20,000,000	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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.10,10,023/-

**SCHEDULES FORMING PART OF BALANCE SHEET
AS AT 31st MARCH 2011**

	YEAR ENDED AS AT 31.03.2011 Amount Rs.	YEAR ENDED AS AT 31.03.2010 Amount Rs.
d) LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or Kind or for Value to be Received	19,606,948	17,861,160
Deposits with State Electricity Boards & Others	5,943,555	3,947,536
Advance Income Taxes	8,242,516	7,412,098
Balance with Customs, Excise Authorities etc.	2,060,169	1,950,130
TOTAL	35,853,188	31,170,924
SCHEDULE - (H)		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors - Goods - Others	174,515,138	200,824,529
Micro & Small Enterprises	79,888,884	31,992,798
Sundry Creditors - Expenses	20,992,598	18,463,598
Expenses Payable	8,789,885	7,220,352
Unpaid Dividend (See Note 37)	82,022	59,224
Advance Payments for which value to be given	9,291,639	23,925,376
Other Current Liabilities	1,305,298	1,261,441
Interest Accrued but not Due on Loans	44,228	74,516
TOTAL	294,909,692	283,821,834
Provisions		
Provision for Current Taxation	6,735,000	8,000,000
Provision for Gratuity (Excess of Fair Value of Liability over Plan Assets)	603,171	-
Provision for Leave Encashment	1,000,222	880,086
Provision For Proposed Dividend (2010-2011)	1,906,700	3,813,400
Provision For Corporate Dividend Tax (2010-2011)	316,739	648,213
TOTAL	10,561,832	13,341,699
SCHEDULE - (I)		
Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Foreign Currency Monetary Item Translation Difference (See Note 15)		
Balance Brought Down	269,792	2,240,000
Less : Exchange Gain during the period adjusted	22,858	1,700,417
Less : Amortised during the year	246,934	269,791
TOTAL	-	269,792
SCHEDULE - (J)		
SALES AND OPERATING INCOME		
Sales (Exports)	90,452,785	84,643,618
Sales (Local)	844,256,325	626,189,465
Total Sales	934,709,110	710,833,083
Excise Duty on Sales	86,936,880	57,528,221
TOTAL	1,021,645,990	768,361,304

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2011**

	YEAR ENDED AS AT 31.03.2011 Amount Rs.	YEAR ENDED AS AT 31.03.2010 Amount Rs.
SCHEDULE - (K)		
OTHER INCOME		
Discounts and Sundry Balances Appropriated	2,475,409	165,531
Prior Period Income	147,001	113,855
Profit on Sales of Assets	242,875	3,788,205
Amount received against Sale of Investment	-	55,000
Other Incomes	1,564,673	57,462
Exchange Rate Difference	1,473,264	217,529
TOTAL	5,903,222	4,397,582
SCHEDULE - (L)		
INCREASE / (DECREASE) IN STOCK		
Closing Stock of Finished Goods (net of excise duty)	32,365,870	25,997,363
Less: Opening Stock of Finished Goods (net of excise duty)	27,232,708	17,181,725
TOTAL	5,133,162	8,815,638
SCHEDULE - (M)		
RAW MATERIAL & OTHERS CONSUMED		
Opening Stock of Raw Material & WIP	131,850,368	78,799,950
Add : Purchases During the quarter / year	759,527,118	620,957,939
	891,377,486	699,757,889
Less : Closing Stock of Raw Material & WIP	142,751,511	131,850,368
Raw Materials Consumed	748,625,975	567,907,521
Consumable Stores & Spares	1,771,469	1,714,105
TOTAL	750,397,444	569,621,626
SCHEDULE - (N)		
MANUFACTURING AND OPERATING EXPENDITURE		
Power and Fuel	3,240,377	1,825,922
Manufacturing Processing Cost	52,956,804	35,392,774
Carting, Freight, Octroi Inwards	2,585,253	2,303,481
TOTAL	58,782,434	39,522,177
SCHEDULE - (O)		
HUMAN RESOURCES COST		
(a) Salaries, Wages, Incentives and Bonuses	21,883,492	17,952,277
(b) Contributions to Provident Fund	885,578	859,740
Gratuity	944,238	90,106
Leave Encashment	689,439	538,953
(c) Welfare Expenses	843,281	651,918
TOTAL	25,246,028	20,092,994

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2011**

	YEAR ENDED AS AT 31.03.2011 Amount Rs.	YEAR ENDED AS AT 31.03.2010 Amount Rs.
SCHEDULE - (P)		
ADMINISTRATION EXPENSES		
<u>Repairs</u>		
Buildings	185,090	112,237
Plant and Machinery	782,733	425,308
Others	1,202,289	681,786
Rates and Taxes	512,642	359,941
Communication and Printing Expenses	1,795,044	1,617,008
Conveyance and Travelling	5,450,736	4,247,971
Insurance Premium	608,697	625,072
Legal and Professional Fees	5,087,591	2,929,337
<u>Auditors Remuneration</u>		
Statutory Audit Fees	100,000	100,000
Tax Audit / Vat Audit - Consultancy Fees	65,000	55,000
<u>Directors Remuneration & Sitting Fees</u>		
Directors Remuneration	2,158,400	2,043,818
Sitting Fees	113,000	134,000
Contractual Deductions and Other Bad Debts Written off	11,005,602	7,535,064
Research and Development Expenses	5,667,483	3,543,153
Donation	361,000	260,000
Other Administrative and Miscellaneous Expenses	1,716,780	1,191,940
Lease Rent paid	621,000	600,000
Prior Period Expenses	871,697	611,963
Loss on Sales of Fixed Assets	14,535	-
Gain / Loss on Commodity Derivatives	16,534	-
TOTAL	38,335,853	27,073,598
SCHEDULE - (Q)		
SELLING & DISTRIBUTION EXPENSES		
Business Promotion Expenses	800,961	2,400,467
Freight / Clearing & Forwarding Charges on Sales (net of recoveries)	7,608,182	3,932,071
Misc. Selling and Distribution Exps	1,280,673	304,241
Commission	1,886,750	2,042,921
TOTAL	11,576,566	8,679,700
SCHEDULE - (R)		
FINANCIAL CHARGES		
Bank Interest (Including Interest on Term Loan)	27,362,076	16,076,422
Bank and Other Financial Charges	6,797,222	4,140,278
Other Interest	2,432,595	1,975,307
Total	36,591,893	22,192,007
Less : Interest Received	2,801,787	1,523,813
TOTAL	33,790,106	20,668,194



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. 10,88,256 (2010 : Rs. 10,91,168) 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 31st 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 31st March, 2011 in a separate account. Balance of this separate account is to be amortized in two installments during FY 2010-11 and 2011-12 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.

j. Derivatives

Currency 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 date are marked-to-market and corresponding exchange gain or loss recognized on the same.

Commodity Derivatives :

The Company is exposed to fluctuations in the prices of Aluminium and Copper, two of its principal raw materials. The Company tries to limit the effects of fluctuations in prices of these critical materials by following risk management policies including use of derivatives. For this, the Company enters into derivative buy or sell contracts for these commodities on the MCX Exchange. These contracts are not used for trading or speculation purposes

In case of such derivative 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 derivative contracts outstanding as at the balance sheet are marked-to-market and corresponding gain or loss recognized on the same.

k. 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 considered as short term defined benefit based on the Leave Encashment Policy of the Company and are provided for on basis of actual leave standing to the credit of the employees as at end of the year. Actuarial gain / losses are immediately taken to the profit and loss account and are not deferred.

l. 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 necessary 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.

m. 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.

n. 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.

o. 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.



p. 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.

q. 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. 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 and ICICI Bank are against LC's of customers duly confirmed by their respective bankers

3. 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 deferment on repayment of the balance of the principal amount. However, from the current year the Company has started repayment of the Loan as per installments agreed upon. The interest as well as exchange rate difference is being duly provided on the balance amounts.

4. Long Term Investments held by the Company to the tune of Rs. 990615/- 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.

5. 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.

6. 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	2010-2011 (Rs.)	2009-2010 (Rs.)
E-Cube India Solutions Ltd. (Maximum amount outstanding during the year Rs. 2,15,307)	2,15,307	1,76,798

7. 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.

8. 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.

9. During the year, Company has sold certain very old machineries. However, in absence of detailed Fixed Assets Register for the period prior to the year 2000, the actual cost / revalued cost of particular machineries sold as covered under the Gross Block of Plant & Machinery in the Fixed Assets Schedule could not be ascertained. Hence, the Profit or Loss on sale of these assets have been worked out by taking the cost of these machineries as per Valuation Report on Machineries and after adjusting the depreciation for period / years of use.

10. 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 additional provision is required for guarantees and warranties, liquidated damages etc.

In case of Sundry Debtors outstanding for more than one year, certain sums are outstanding against deductions made on account of quality, late delivery etc. by the parties to whom supplies were made. However, the Management is pursuing the matters with the respective parties and is confident of recovering the amount and hence no provision has been made against the same. Similarly, in case of delayed delivery beyond the stipulated terms of supply order, expected deduction for later delivery based on contractual terms is not provided for since Management is confident of being able to pursue the matters and recovering the amounts, if deducted.

11. 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	2010-2011 (Rs.)	2009-2010 (Rs.)
Remuneration	21,58,400	20,43,818
Perquisites	Nil	Nil
Bonus	3,500	3,500
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.

12. No Borrowing Costs were eligible for capitalization during the year.
13. 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.
14. **Foreign Currency Monetary Item Translation Difference :**

In terms of Notification issued by the Ministry of Corporate Affairs on 31st 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 31st March, 2011 to the above account amounting to Rs. 22,40,000/- including reversal of exchange rate gains arising in the accounting periods commencing after 7th December, 2006.

As stipulated by the said notification, the above balance was to be written off in two installments in 2009-10 and 2010-11. Accordingly, after adjusting the gain on ECB for the 2009-10 of Rs. 1,70,417, one-half of the balance of Rs. 5,39,583/- was been written off during 2009-10. After further adjusting the gain on ECB for the current year, the balance outstanding as at the year end has been fully written off

Details of FCMITD Account	31 st March, 2011 (Rs.)
Exchange Rate Difference on ECB upto 31 st March, 2010 accumulated	2,69,791
Less :	
Exchange Rate Gain on ECB recognized in FY 2010-11	22,858
Balance in FCMITD Account	2,46,933
Less : Proportionate Written off during the year	2,46,933
Net Closing Balance of FCMITD Account (Appearing as Misc. Expenditure to the extent not written off)	Nil

15. 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. 29th March, 2008 on "Accounting for Derivatives"
16. The Company has carried out transactions in Commodity Futures of Aluminium and Copper with Dhaneshwari Commodity Services Ltd. as a tool to hedge against the risk in fluctuation of prices of these essential raw materials.
- The only open position as at 31st March, 2011 was a Buy of 5000 Kgs. of Copper. Net Profit / (Loss) of Rs. (16,534) shown in the Profit and Loss Account above as well as balance appearing in the name of Dhaneshwari Commodities Pvt. Ltd. is after Mark-to-Market adjustment for the above open position.
17. **Contingent Liabilities**

Bank Guarantees outstanding as on 31st March, 2011, amounted to Rs 11,81,47,311/- (p.y. Rs 9,83,67,176/-) and Letters of Credit outstanding as at 31st March 2011, amounted to Rs 13,14,79,845/- (p.y. Rs. 6,41,90,080/-) against which the company has kept the Margin Money in the form of Fixed Deposit worth Rs. 3,28,81,715 (p.y. Rs. 1,99,27,057/-).

The Company has given Corporate Guarantees for Performance of Products to the tune of Rs.96,24,351/- (p.y. Rs. 6,14,679/-) to EPC Customers being Private Companies.

Income Tax Assessment Demand for AY 2007-08 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. However, the demand has been paid off by the Company.

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 won its appeal before the Asst. Commissioner of Central Excise. However, the Department has preferred further appeal

VAT / CST Credit Reversal & Penalty for 2006-07 – Rs. 576170 – Appeal Filed is Pending

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. 200 Lacs (p.y. Rs Nil)

18. Break-up of Net Sales Income

PARTICULARS	Unit	2010-2011		2009-2010	
		Quantity	Rupees	Quantity	Rupees
Transformers – E & T	Nos	15,59,691	13,82,68,920	12,57,172	11,27,77,645
Distribution & Power Transformers	Nos	7,574	78,41,80,960	6,165	57,76,53,225
Sale of Bought out / Other	—	—	1,22,59,229	—	2,04,02,212
Excise Duty on Sales	—	—	8,69,36,880	—	5,75,28,221
TOTAL			102,16,45,989		76,83,61,303

Note: Deemed Exports Rs.1,05,92,017/- (Previous Year Rs.1,25,62,190/-)

19. Consumption of Raw-Materials:

Class of Goods	Units	2010-2011		2009-2010	
		Quantity	Amount	Quantity	Amount
Silicon Steel	Kgs.	15,23,828	21,08,45,776	11,97,973	23,97,22,408
Copper Wire	Kgs.	4,51,058	20,12,50,438	3,78,914	13,48,81,317
Aluminium	Kgs	2,91,266	3,87,29,552	2,08,495	2,17,81,254
Transformer Oil	Liter	16,08,351	7,79,04,409	10,15,471	3,45,46,838
Others			22,16,67,269		13,11,00,906
Total			75,03,97,444		56,96,21,626

20. Actual Production:

Class of Goods	Units	2010-2011	2009-2010
		Quantity	Quantity
Transformers – E & T	Nos.	15,98,940	12,08,198
Distribution & Power Transformers	Nos	7,563	6,225

21. Break up of Finished Goods:

Items	Unit	2010-2011		2009-2010	
		Quantity	Amount	Quantity	Amount
Opening Stock					
Transformers – E & T	Nos.	44,548	37,15,582	93,522	43,01,735
Distribution & Power Transformers	Nos	77	1,95,16,152	17	79,44,810
Others			40,00,974		49,35,181
Total			2,72,32,708		1,71,81,726
Closing Stock					
Transformers – E & T	Nos.	83,797	69,78,555	44,548	37,15,582
Distribution & Power Transformers	Nos	66	2,28,68,392	77	1,95,16,152
Others			29,57,677		40,00,974
Total			3,28,04,624		2,72,32,708

Stocks Include Excise Duty of Rs. 29,82,238/- (Previous Year Rs.25,43,484/-)



22. Licensed Capacity and Installed Capacity :

Item	Installed Capacity	
	2010-2011	2009-2010
Transformers – E & T Distribution & Power Transformers	65,00,000 2000 MVA	65,00,000. 2000 MVA

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

23. C.I. F. Value of Imports

Item	2010-2011	2009-2010
Raw Materials	2,99,42,735	1,72,71,208
Silicon Steel	3,49,14,955	4,57,68,743
Total	6,48,57,690	6,30,39,351

24. Expenditure in Foreign Currency

Item	2010-2011	2009-2010
Foreign Travel	2,58,040	4,68,350
Inspection, Machinery Imports and Others	3,34,426	1,76,352
Interest on External Commercial Borrowings & FLC	8,76,891	8,92,322
Total	14,69,357	15,37,024

25. Consumption of Raw Materials

Item	2010-2011		2009-2010	
	Amount	Percentage	Amount	Percentage
Imported	6,72,25,433	8.96	5,76,01,639	10.11
Indigenous	68,31,72,011	91.04	51,20,19,987	89.89
Total	75,03,97,444	100.00	56,96,21,626	100.00

26. Earnings in Foreign Currency

Particulars	2010-2011	2009-2010
Export of Goods on FOB basis Amount realized during the year Rs 12,71,42,337/- (Previous Year Rs.5,23,53,966/-)	9,39,34,968	8,10,46,415

27. Dividends to Non-Resident Shareholders

Particulars	2010-2011	2009-2010
Net Dividend paid in Foreign Currency (stated in Rupees)	9,97,100	4,98,550

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.

28. Earnings Per Share

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

Particulars	Unit	2010-2011	2009-2010
Amount used as numerator Profit after Taxation	Rs.	1,16,19,889	1,53,54,005
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.	3.05	4.03

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

29. Post Employment Benefits:

Provident Fund dues amounting to Rs. 8,85,578 (PY Rs. 8,59,740) paid during the year being defined contributions has been charged to the Profit and Loss Account.

Employee Benefits on account of compensated absences are considered as Short Term Benefits considering the

Leave Encashment Policy and have been accounted based on the actual leave standing to the credit of the employees as at the year end.

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. 10,00,000 (PY Rs. 3,50,000). 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.

Change in Present Value of Defined Benefit Obligation	31st March, 2011 (Rs.)	31st March, 2010 (Rs.)
Present Value of Obligations as at beginning of the Year	21,74,193	19,95,147
Interest Cost	1,73,935	1,59,612
Current Cost	1,50,187	1,49,052
Benefits Paid	(2,66,109)	(53,140)
Actuarial (gains) / losses on obligation	8,31,476	(76,478)
Present Value of Obligations as at the end of the Year	30,63,682	21,74,193
Change in Fair Value of Plan Assets		
Fair Value of Plan Assets as at the beginning of the Year	22,82,029	20,30,113
Expected Return on Plan Assets	2,11,360	1,90,790
Contributions	2,33,321	1,14,086
Benefits Paid	(2,66,109)	(53,140)
Actuarial (gains) / losses on Plan Assets	Nil	Nil
Fair Value of Plan Assets as at the end of the Year	24,60,601	22,82,029
Defined Benefit Obligation as recognized in Balance Sheet		
Present Value of Obligations as at the Year end	30,63,682	21,74,193
Unrecognized Past Service Cost	Nil	Nil
Fair Value of Plan Assets as at the Year end	24,60,601	22,82,029
Net (Asset) / Liability recognized in Balance Sheet	6,03,081	(1,07,836)
Net Gratuity Benefit Expenditure Recognized in P&L		
Current Service Cost	1,50,187	1,49,052
Interest Cost	1,73,935	1,59,612
Expected Return on Plan Assets	(2,11,360)	(1,90,970)
Net Actuarial (Gain) / Loss Recognized in the Year	8,31,476	(76,478)
Net Expense Recognized in Statement of Profit and Loss	9,44,238	41,216
Principal Assumptions Used		
Discount Rate	8%	8%
Expected Return on Plan Assets	9%	9%
Salary Escalation Rate	7%	7%
Major Categories of Plan Assets		
Insurer Managed Funds	100%	100%

30. Segment Reporting

With respect to Accounting Standard-17, The Management of the Company is of the view that the products offered by the Company are in the nature of Transformers and its related products, having the same risks and returns, same type and class of customers and regulatory environment. Hence, the business of production and sale of transformers and its related products belong to one business segment only.

31. Derivative Instruments and Unhedged Foreign Current Exposure :

Particulars of Derivatives	Purpose	
Forward Contract Outstanding on 31 st March, 2011 Nil (P.Y. Nil)	Nil	
Particulars of Un-hedged Foreign Currency Exposure	31.03.2011 Rs.	31.03.2010 Rs.
⇒ Sundry Creditors	81,58,005	3,43,73,202
⇒ Sundry Debtors	1,07,01,077	1,73,20,855
⇒ External Commercial Borrowings	78,66,250	1,32,53,333
⇒ Packing Credit in Foreign Currency (USD)	1,16,57,735	Nil
⇒ Packing Credit in Foreign Currency (EURO)	34,96,541	Nil

32. Related Party Transactions

The Company has identified all the related parties having transactions during the year, as per details given below, in line with Accounting Standard-18. In respect of the outstanding balance receivable as on 31.3.2011 no provision for doubtful debts / advances is required to be made.

Name of related party	Nature of Relationship	Nature of Transaction	Volume of Transaction (Rs.)		Year end Balance (Rs.)	
			2011	2010	2011	2010
E-Cube India Solutions Ltd.	Associate	Administration Expenses Recovered (net)	NIL	Nil	1,76,798	9,26,798
		Sales	97,431	28,102	38,509	Nil
Mr. Alay Shah	Key Management Person	Managerial Remuneration	21,58,400	20,43,818	1,33,000	1,28,120
Mr. Ashesh Shah	- do -	Professional Fees	15,00,000	15,00,000	1,24,088	1,24,087
Mrs. Shilpa Shah	Relative of Key Management Person	Remuneration (HRD Manager)	6,37,200	4,57,200	53,100	38,200
		Perquisite of Electricity	1,59,133	1,67,698	Nil	Nil
		Lease rent paid	5,40,000	5,40,000	45,000	5,40,000
Mr. Jitendra Shah	Key Management Person	Lease Rent Paid	Nil	Nil	Nil	Nil
		Lease Deposit	Nil	Nil	5,00,000	5,00,000

33. Deferred Taxes

In compliance with Accounting Standard – 22 on Taxes on Income, the Company has disclosed deferred tax liabilities and deferred tax assets as under for the year ended 31st March, 2011 after charging the net deferred tax liability for the year under report of Rs. – 4,46,604 (p.y. Rs. 8,60,259) the profit and loss account.

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

Particulars	31.03.2011 Rs.	31.03.2010 Rs.
⇒ Deferred tax liability on account of difference between accounting and tax depreciation	1,66,33,731	1,67,55,167
⇒ Deferred tax liability on account of Foreign Currency Monetary Item Translation Difference Account	Nil	91,702
Total Deferred Tax Liabilities	1,66,33,731	1,68,46,869
⇒ Deferred tax asset on account of Liabilities provided in the books but allowable for tax purpose only when actually paid	5,32,607	2,99,141
Total Deferred Tax Assets	5,32,607	2,99,141
Net Deferred Tax Liabilities as at 31st March	1,61,01,124	1,65,47,728

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	31.03.2011 Rs. in lacs	31.03.2010 Rs. in lacs
⇒ Lease Payments recognized in the Profit and Loss Account	6,21,000	6,00,000
⇒ 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 recent. 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
FRN : 106928W

For **SHILCHAR TECHNOLOGIES LIMITED**

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

ALAY SHAH
M.D.

JITENDRA SHAH
CHAIRMAN

Place : Vadodara

Date : 28th May, 2011

Place : Vadodara

Date : 28th May, 2011



**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	: 31-03-2011
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.55,40,98,622/-
TOTAL ASSETS	: Rs.55,40,98,622/-
SOURCES OF FUNDS	:
PAID UP CAPITAL	: Rs.3,81,34,000/-
RESERVES AND SURPLUS	: Rs.15,83,60,361/-
SECURED LOANS	: Rs.30,46,09,009/-
UNSECURED LOANS	: Rs.3,63,61,521/-
DEFERRED TAX LIABILITY	: Rs.1,66,33,731/-
APPLICATION OF FUNDS	
NET FIXED ASSETS	: Rs.16,27,72,131/-
INVESTMENTS	: Rs.70,07,000/-
DEFERRED TAX ASSETS	: Rs.5,32,607/-
NET CURRENT ASSETS	: Rs.38,37,86,884/-
MISC. EXPENSES	: Rs.Nil
4) PERFORMANCE OF THE COMPANY	
TURNOVER	Rs.93,47,09,110/-
TOTAL EXPENDITURE	Rs.91,68,00,825/-
PROFIT BEFORE TAX	Rs.1,79,08,285/-
PROFIT AFTER TAX	Rs.1,16,19,889/-
DIVIDEND RATE	5%
EARNINGS PER SHARE (ANNUALISED)	Rs.3.05
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 Fifth Annual Meeting of the
Company, to be held on 30th July 2011 and at any adjournment thereof.

As Witness my/our hands this _____ day of _____ 2011
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 Fifth Annual General Meeting of the Company held at Registered
Office of the Company at Bil Road, Bil-391 410, Dist. Baroda on 30th July, 2011.

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. Baroda, India.
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Visit us at www.shilchargroup.com