



ANNUAL REPORT 2008-2009

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SHILCHAR  
TECHNOLOGIES LIMITED



## Corporate Information

### **BOARD OF DIRECTORS**

Mr. J.C. Shah	Chairman
Mr. Alay J. Shah	Managing Director
Mr. Ashesh J. Shah	
Mr. O.P. Khanna	
Mr. Mukesh Patel	
Mr. Kirtikant P. Shah	
Mr Rajesh Verma	Appointed as Additional Director w.e.f 27.10.2008
Mr. Bhagirath Merchant	Resigned w.e.f. 24.07.2008

### **BANKERS**

Bank of Baroda  
Standard Chartered Bank

### **AUDITORS**

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

### **REGISTERED OFFICE**

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

### **REGISTER & TRANSFER AGENT**

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

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## NOTICE

NOTICE is hereby given that the Twenty Third 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 Thursday, the 30<sup>th</sup> day of July, 2009 at 03.00 p.m. to transact the following business

### Ordinary Business:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009, Balance Sheet as at that date together with reports of the Directors and the Auditors thereon.
2. To declare a Dividend on equity shares of the Company for the year ended 31<sup>st</sup> March, 2009.
3. To appoint a Director in place of Mr. Ashesh J. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kiritikant P. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

### Special Business:

6. To consider and if thought fit, to pass with or without modification (s), the following resolution as on **Ordinary Resolution:**

"RESOLVED THAT Mr. Rajesh Varma, who was appointed as an Additional Director with effect from 27<sup>th</sup> October, 2008 and pursuant to Section 260 of the Companies Act, 1956 hold office until the date of this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 (the Act), the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme) Guidelines, 1999 ('the Guidelines') (including any statutory amendment, modification or re-enactment to the Act or the Guidelines for the time being in force) and the Articles of Association of the Company and subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions, sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include any committee including Compensation Committee of the Board), approval and consent of the Company be and is hereby accorded to the Board to implement the proposed Employees Stock Option Scheme – 2009 (ESOS-2009) whose main features are provided in the Explanatory Statement and to create, offer, issue and allot in one or more trenches, under the said proposed ESOS – 2009 at any time during the currency of the proposed ESOS – 2009 to or for the benefit of employees, who are in permanent employment, including Directors of the Company whether working in or outside India, such number of equity shares arising on exercise of options issued under the said proposed ESOS – 2009 and / or equity linked instruments including options and / or any other instrument or securities which could give rise to the issue of equity shares (hereinafter collectively referred to as 'Securities') of the Company, not exceeding



5% of the Paid up equity share capital of the Company as on 31<sup>st</sup> March, 2009 i. e. 1,90,670 Options in aggregate where one option is exercisable in to one equity share of the Company at such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other applicable provisions of the law as may be prevailing at that time.

RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the securities/shares allotted under the ESOS-2009 on the Stock exchanges where the Shares of the Company are listed as per the provisions of the Listing Agreement with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effects of above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any question, difficulty or doubts that may arise in this regard at any stage including at the time of listing of the securities without requiring the Board to secure any further consent or approval of the members of the Company.

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

"RESOLVED THAT in partial modification of the resolution passed at its Annual General Meeting held on 22.09.2007 and in accordance with the provisions of sections 198,269,309,310 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re- enactment thereto for the time being in force) and subject to the limits specified schedule XIII of the Companies Act, 1956, the company hereby approves the variation in terms and conditions of remuneration payable to Mr. Alay J. Shah, Managing Director of the Company with effect from 1<sup>st</sup> April, 2009 for the remainder of the tenure, by the addition thereto of the following:

(i) Commission not exceeding 5% per annum of the net profit of the Company, to be computed in the manner as prescribed section 198 of the Act.

RESOLVED FURTHER THAT notwithstanding anything contained to the contrary in the Companies Act, 1956 wherein in any financial year Company has no profits or inadequate profit; Mr. Alay J. Shah will be paid minimum remuneration within the ceiling limits prescribed under schedule XIII of the companies Act, 1956 or any modification or re- enactment thereof.

RESOLVED FURTHER THAT Board of Directors or Committee thereof be and is hereby authorized to do such acts, deeds and things as may be deemed expedient to give effect to the above resolution."

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

Place: Bil, Dist. Vadodara  
Date: 29.04.2009

**ALAY SHAH**  
MANAGING DIRECTOR



**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The explanatory Statement, relating to Special Business mentioned in items no. 6 & 7 of the Notice, as required under Section 173 (2) of the Companies Act, 1956, is attached herewith.
3. The Register of members and Share Transfer Books of the company will remain closed from Monday, 27<sup>th</sup> July, 2009 to Thursday, 30<sup>th</sup> July, 2009 (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 and 2007-08 remaining unpaid or unclaimed over a period of seven years from the date of transfer of such dividends to the respective Unpaid Dividend Account of the Company have to be transferred by the Company to the Investor Education and Protection Fund pursuant to Section 205A and 205C of the Companies Act, 1956. Members are requested to encash their Dividend Warrants for these years, if not already done after getting them revalidated from the Company.



ANNEXURE TO THE NOTICE

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

**Item No. 6**

Mr. Rajesh Varma was appointed as Additional Directors on the Board of Directors of the Company at their meeting held on 27<sup>th</sup> October, 2008. Pursuant to Section 260 of the Companies Act, 1956, Mr. Rajesh Varma holds his office until the date of this AGM.

Mr. Rajesh Varma is a Chartered Accountant by profession and a senior partner of M/s. Sharp and Tannan Associates, Chartered Accountants, Mumbai. He is having an expertise and vast experience in handling accounting, finance, taxation and other business related matters. Considering his business acumen and wide experience, the Board of Directors has thought fit to gain the benefits of his association and to induct him as regular Director on the Board.

Yours Directors recommend passing of the resolution as proposed at item no. 6 of this AGM Notice as ordinary resolution.

Mr. Rajesh Varma is deemed to be concerned or interested in passing of the resolution.

**Item No. 7**

The agenda item no. 7 of the Notice relates to the approval for Employees Stock Option Scheme (ESOS).

Your Company has always believed in rewarding its employees for their continuous hard work, dedication and support, which has led to the Company on a growth path. To enable more and more employees to enjoy the fruits of the growth that the Company has witnessed in the recent past, it is proposed to implement an Employee Stock Option Scheme called ESOS-2009. The main objective of the Scheme is to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance thereby acting as a retention tool.

Stock options have long been recognized, as an effective instrument, to align the interest of employees with those of the Company, and its shareholders, provide an opportunity to employees to share in the growth of the Company, and create long – term wealth in the hands of the employees.

Stock options create a common sense of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholders value.

The following is the explanatory statement, which sets out the various disclosures as per Clause 6 of the Securities & Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the ESOP Guidelines).

The salient features of the ESOS-2009 are as under:

**(a) Total number of options to be granted**

The total number of options to be granted under this scheme to the permanent employees including Directors of the Company, whether working in or outside India of the Company would not exceed 5% of the total paid up Equity Share Capital of the Company as on March 31, 2009 i. e. 1,90,670 Options. One option entitles the holder of option to apply for one equity share of the Company.



**(b) Identification of classes of employees entitled to participate in ESOS- 2009**

The permanent employees of the Company including new employees joining in future are eligible to participate in this ESOS – 2009 Scheme.

Employees will be granted Stock Options based on performance, and such other parameters as may be decided by the Compensation Committee, in its discretion, from time to time.

Employees who are either promoter or belong to promoter group as defined in SEBI Guidelines will not be eligible for grant of options under this ESOS–2009 Scheme.

The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

**(c) Requirement of vesting and period of vesting**

The options granted shall vest so long as the employee continues to be in the employment of the Company.

Vesting of options shall commence only after a period 1 year from the date of grant. The vesting may happen in one or more tranches as may be decided by the Compensation Committee.

**(d) Maximum period of vesting within which the options shall vested**

The maximum period of vesting may extend up to 3 years from the date of grant of options.

**(e) Exercise Price**

The exercise price for the purpose of the grant of Options shall be the 'market price' within the meaning set out in the Guidelines, i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted, on that Stock Exchange where there is highest trading volume on the said date.

**(f) Exercise period and the process of Exercise**

Exercise period will commence from the vesting date and may extend up to 4 years from the date of vesting of options as may be decided by the Compensation Committee.

The Options will be exercised by the Employee by a written application to the designated officer of the Company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the Compensation under the Scheme.

The options will Lapse if not exercised within the specified exercise period.

**(g) Appraisal process for determining the eligibility of employees to ESOS-2009**

The Company has formal performance appraisal system established wherein the performance of the employees is assessed each year on the basis is assessed each year of service, experience, qualification and contribution towards the growth of the Company. The appraisal process is revised at regular intervals as per emerging global standards.



**(h) Maximum number of options to be issued per employee and in aggregate**

The maximum number of options to be granted to each employee will depend upon the rank/designation of the employee as on the date of grant of options. However no employee shall be entitled to more than 1 % of the Issued, Subscribed and paid Up Equity Capital at the time of grant of options in any single fiscal year of the Company. Total number of options in aggregate reserved under the Scheme is 1,90,670.

The Compensation Committee shall decide on the number of options to be granted to each employee within this Limit.

**(i) Accounting methods**

The Company shall confirm to the accounting policies specified in Clause 13.1 of the SEBI (Employees Stock Option Scheme) Guidelines, 1999, and/or such other Guidelines as may be applicable, from time to time.

**(j) Method of Valuation of these options**

The Company shall calculate the employee compensation cost by applying intrinsic value method.

**(k) Disclosure in the Director's Report**

The Company shall calculate the employee compensation cost by applying the intrinsic value of the stock options. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if the Company had used the fair value of the stock options shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Reports.

Clause 6 of the ESOP Guidelines requires that any ESOS scheme offering stock options to the members of the Company must be approval by the shareholders by way of a special resolution. Furthermore, as the Scheme will entail further shares to be offered to persons other than existing shareholders of the Company, consent of the members is required by way of a special resolution pursuant to the provisions of Section 81 of the Companies Act, 1956.

The Board commends the Special Resolution as set out at item no. 7 in this notice for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under ESOS-2009 Scheme.

**Item No. 8**

Members of the Company at its last Annual General Meeting held on 22.09.2007 have approved the reappointment and remuneration of Mr. Alay J. Shah, Managing Director for the period of three years w. e. f. 1<sup>st</sup> October, 2007. The aggregate amount of remuneration approved by the shareholders is Rs.1,69,450/- per month including basic salary, perks and other benefits.





In view of the growth in the business, increased volume of work, the Remuneration Committee and subsequently, the Board of Directors in their respective meetings held on 29.04.2009 considered it just, fair and reasonable to revise remuneration of Mr. Alay J. Shah, and recommended to pay him commission at the rate of 3% of the net profit of the company for his residue term.

Accordingly, the approval of members is sought for the said variation in terms of remuneration of Mr. Alay J. Shah, Managing Director of the company. Except this revision in remuneration, there is no further change in the terms of remuneration and terms of appointment of Mr. Alay J. Shah.

This may be treated as an abstract of the terms and conditions of appointment including remuneration of a Whole Time Director under the provisions of section 302 of the Companies Act, 1956.

The Directors recommend the said resolution for your approval.

None of the directors except Mr. Alay J. Shah is interested in this resolution.

By order of the Board of Directors  
For SHILCHAR TECHNOLOGIES LIMITED

**ALAY SHAH  
MANAGING DIRECTOR**

Place: Bil, Dist. Vadodara  
Date: 29.04.2009

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

Name of Director	Shri Ashesh J. Shah	Shri Kirtikant P. Shah
Date of Birth	06.01.1964	06.01.1939
Date of Appointment	13.01.1986	25.10.1997
Expertise in Specific Functional Area	Marketing	Manufacturing and Technology updation in the field of Transformers
Qualifications	Bachelor of Science with Electronics Engineering	Bachelor of Engineering
Directors in other public limited companies	E Cube India Solutions Limited	Hatsun Agro Products
Other positions	NIL	NIL
Membership of committees in other public limited companies	NIL	NIL
Shares held in the company	1900	NIL



**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Twenty Third Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 2009.

**1. Financial Results**

(Rs. in Lacs)

Particulars	2008-2009	2007-2008
Sales (net of excise duty) and other income	<u>4712.58</u>	<u>7032.50</u>
Profit Before Interest and Depreciation	265.26	757.83
Less :		
a) Interest	166.38	168.90
b) Depreciation	95.33	91.04
<b>PROFIT / LOSS BEFORE TAX &amp; EXTRA ORDINARY</b>	<b>3.55</b>	<b>497.89</b>
Add : Interest on I.T.Refunds	0.00	0.49
Add : Excess Provision written back	0.35	2.67
	3.90	501.05
Less : Prior year's I T Adjustments	(2.62)	1.60
<b>PROFIT BEFORE TAXATION</b>	<b>6.52</b>	<b>499.45</b>
Provision for Tax - Current	0.74	137.50
- FBT	2.20	2.52
- Deferred	1.41	38.20
<b>PROFIT AFTER TAX</b>	<b>2.17</b>	<b>321.23</b>
Balance brought forward from previous year amount available for appropriation	790.59	515.98
	<u>792.76</u>	<u>835.20</u>
<b>APPROPRIATION</b>		
Transfer to Foreign currency Monetary Item Translation Difference	10.21	0.00
Proposed Dividend on Equity Share	19.07	38.13
Corporate Dividend Tax on above	3.24	6.48
Balance Carried over to next year	<u>760.24</u>	<u>790.59</u>

**2. Operational Highlights:**

During the year under review your Company has achieved Sales of Rs.4712.58 lacs as against Rs.7000.16 lacs in the preceding year. Out of the total sales, the Company has achieved sales worth Rs.2855.73 lacs towards sales of Distribution Transformers which accounts for 60.60% of total sales.



The fiscal year 2008 posed challenges to the corporate world in many ways. Although the global slow down was looming up, the year begun with high optimism and the Indian economy was expected to achieve growth rate of 8 to 9% which was witnessed in the last four years. The strong currency, booming real estate and flourished capital market had inspired the industries for a sustainable growth. However, the global changes taken place after September, 2008 including debacle of series of banks, crashing of equity markets, high volatility in the prices of commodity and crude oil, weakening of rupee, rising inflation eaten away all momentum and left the country in economic crisis and liquidity crunch.

Your Company unfortunately could not spare itself with the said economic troubles and the same has adversely affected its operating results. The Company was in the beginning hit by the rise in prices of crude oil, commodities and consequently all important raw materials it uses namely copper, steel and transformer oil. Then sudden world wide crash in the prices of raw materials and commodities left the Company with high cost of inventories. This was further compounded with a sharp decline in the value of rupee against dollar. This has prompted the customers to renegotiate the price and started delaying the deliveries. On export front, due to drop in global demand, several already booked orders got cancelled and / or put on a hold. Under the circumstances, there was no other option but to reduce the sales price of finished products which has been reflected in terms of reduced volume and depleted margins of the Company.

However, your Directors are pleased to mention that during such tough time, the management and employees of the Company showed maturity, patience and with change in marketing strategy, aggressive new development were successful in getting large value orders for coming year. Your Directors therefore envisage achieving substantial growth in the year 2009-2010.

### 3. 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. 22.30 lacs including dividend distribution tax of Rs. 3.24 lacs as against Rs. 44.61 lacs including dividend distribution tax of Rs. 6.48 lacs in the previous year.

### 4. Finance:

During the year under review, the Company has not enhanced working capital facilities, since which was comfortable in meeting its financial requirements. Effective financial measures have been continued to reduce cost of interest and bank charges.

### 5. Management Discussion and Analysis:

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

### 6. 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.

### 7. Directors:

Mr. Ashesh J. Shah and Mr. Kirtikant P/ Shah retire by rotation, and being eligible, offer themselves for re-appointment. Mr. Rajesh Varma was appointed as additional Director with effect from 27.10.2008 and he being eligible, recommended by the Board for making his appointment as regular Director in the ensuing AGM.



**8. 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.

**9. Auditor's Report:**

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

**10. Fixed Deposits:**

Your Company has not accepted any fixed deposits.

**11. 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.

**12. 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.

**13. Directors' Responsibility Statement:**

The Directors state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 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.



**14. Personnel / Industrial relations:**

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

**15. Acknowledgement:**

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

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

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

**ALAY SHAH  
MANAGING DIRECTOR**

Place: Bil, Dist. Vadodara  
Date: 29.04.2009

Annexure-1 to the Director's Report 2008-09

Management Discussion and Analysis

<b>a)</b>	<b>Industry Structure and Developments</b>
	India's transformer Industry is estimated at Rs. 10,000 crore. The Industry comes under purview of Department of Heavy Industries and is eligible for 100 per cent Foreign Direct Investments (FDI).
	The growth and development of the Transformer Industry largely depends on Power Sector, comprising of three elements, viz. Generation, Transmission and Distribution. The Transmission and Distribution system comprises of transmission lines, transformers, substations, switching stations and distributing lines. During the Eleventh Plan (2007-12), investments to the tune of Rs. 1,40,000 crore has been planned for the augmentation and upgradation of the transmission net work. Looking at the planned growth in transmission lines, there exists health growth and opportunities for transmission products which interalia includes transformers.
	Transformer manufacturers in India have the necessary technology and capacity to manufacture wide range of power and distribution transformer up to 800 KV class. As per Industry estimates, around 95% of the transformers installed in the Indian power network are of indigenous type.
	The Industry consists of a few large organized players and several smaller and unorganized players with 10- 12 players dominating the transformer market with share of around 90 per cent. Transformer industry in India has witnessed a robust growth in sales during past five years.



b)	<b>Opportunities, threats and risks</b>
	Transformer industry has come a long way from being a net importer to net exporter implying that there is a potential for the Indian players in the International market. Transformers from India are being exported to over 50 countries including USA, Middle East, Africa, and several European Countries. It is visualized consistent growth on export front.
	As a thumb rule, 7 MVA of Transformer capacity across the system is required for each additional MW of generation. Around 15 percent of the investments in transmission system goes towards transformers. 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.
	<p>The massive investment made in power sector has generated sizeable demand for transformers. During 2007-08, the production was 1,34,795 MVA. During the Eleventh Plan (2007-12), addition of 78,577 MW of capacity has been envisaged, which entails transformer demand of 5,50,000 MVA for five year period, indicating potential growth in the industry.</p> <p>Transformers have a life of around 20-30 years. Assuming an average life of 25 years, transformers installed during sixth (1982-87) and seventh plan (1987-92) will generate replacement that 20,000 MVA of transformers will be added annually.</p> <p>Apart from demand in generation and transmission, further demand for transformers is to be supported by special schemes such as APDRP and RGGVY.</p>
	<p>Further demand for transformers will be generated by the foreign market in three ways:</p> <ul style="list-style-type: none"> <li>• The replacement demand from the developed countries such as USA and European countries.</li> <li>• The ongoing power infrastructure projects in the Middle East and African countries.</li> </ul> <p>Multinational companies have established their subsidiaries in India due to comparative cost advantage. These companies are also expected to outsource their requirement for transformers from Indian subsidiaries. Besides, demand is also expected to come from Industrial, real estate (residential and commercial), UMPPs and captive power plants.</p>
	The Industry is raw material intensive, which accounts for over 70 percent of the cost of a transformer. The quality of raw material used is also very vital in deciding performance of the transformer in terms of power losses.
	<p>Cold Rolled Grain Oriented Steel (CRGO) is a critical input for transformers. CRGO steel is not manufactured in India and has to be imported. In the past the non availability of the same has led to delays in project implementation.</p> <p>Apart from CRGO other major raw materials are Copper and Steel which are cyclic in nature. Fluctuations in their prices can affect margins of transformer manufacturers.</p>
	Indian transformer Industry has limited testing facility up to 90MVA level. At present all high capacity transformers are sent to KEMA, a Netherland based electrical equipment testing organization. This delays the delivery of transformers by 5 -9 months.
	The uncertainty about the Government spending programs, delayed implementation of power projects, prevailing liquidity crunch and Slow down in International Market poses threats for transformer industry.



<b>c)</b>	<b>Segment wise performance</b>
	<p>The Transformers can broadly be divided into Distribution Transformers and Power Transformers. Your Company is manufacturing Distributor Transformers which are used to transform power voltage from transmission point to the end users. It is seen from past trend in India that power transformers account for around 70 percent of the transformer market whereas the distribution transformer market constitute the rest.</p>
<b>d)</b>	<b>Outlook</b>
	<p>Indian Transformer industry has witnessed a consistent growth in production in last five years. As compared to their international peers, majority of the domestic companies have recorded better growth in sales. Backed by healthy order book and strong demand from the power sector, the industry is expected to perform well in the coming years.</p> <p>To match with industry's requirements and to meet with global challenges, your Company has geared up and strongly focused on expanding its product range with more energy efficient and profitability, giving thrust on design and research and development, ensuring timely delivery and exploring opportunities for enhancing its international market presence.</p>
<b>e)</b>	<b>Internal control system</b>
	<p>Internal audit and other controls have found to be adequate. These are reviewed periodically by the Audit Committee and efforts are made to improve further, wherever possible. Considering the increased volume of activities and business requirements, the Board of Directors have, for better control and efficiency, deployed an independent outside agency and appointed M/s. Abhijit J Kotecha &amp; Associates, Chartered Accountants, Vadodara as Internal Auditors for the current financial year 2009-10.</p>
<b>f)</b>	<b>Human resources and Safety</b>
	<p>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 designed planning, trainings and completion of all tasks. Training are imparted to workmen in various new techniques and systems.</p> <p>During the period under review, your Company remains "Zero Discharging Pollution Unit".</p> <p>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.</p>



**Annexure-2 to the Director's Report 2008-09**

Particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31<sup>st</sup> March, 2009

Sr. No.	Particulars
[A]	<b>Conservation of Energy:</b>
(a)	Energy conservation measures taken:
1.	Application of Gas based Ovens.
2.	The lighting has been changed to Picture Tube Lights (PL)
3.	At Plant II, the MH Lamps have been installed.
4.	The Company has set up a wind mill project to generate eco friendly electricity, being used for captive consumption.
5.	The numbers as well as capacity of capacitors changed to achieve improved power factor.
6.	The Company has purchased Screw Compressors in place of Reciprocating Compressors.
7.	At shop floor, Air Ventilators are installed.
8.	The consumption of Diesel is under close supervision.
(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
	Better utilization of energy consumption and overall reduction in production cost.
(d)	Total energy consumption and energy consumption per unit of production as per prescribed Form A: – Not Applicable.
[B]	<b>Technology Absorption:</b>
(a)	Research & Development:
(1)	Specific area in which R & D is carried out by the Company:
1.1	The Company is in the process of establishing state of the art facilities for research.
1.2	The Company has been investing in setting up optimum testing facilities at various stages of production process.
(2)	Benefits derived as a result of the above R & D
	Improvement in quality and better product mix.
(3)	Future plan of action:
	To invest more in R & D activities.
(4)	Expenditure on R & D:
	During the financial year ended on 31.03.2009, the Company has spent Rs. 25,18,998/- on R & D activities, being 0.53% of its total turnover, as compared to Rs. 18,88,534/-, being 0.26% in the previous year.





(b)	Technology Absorption, Adaptation & innovation:		
(1)	Efforts in brief, made towards technology absorption, adaptation and innovation.		
	Your Company has continued its efforts to upgrade its manufacturing facilities of Electronics & telecommunication transformers.		
[C]	Foreign Exchange earning and outgo:		
Sr No.	Particulars	2008-09	2007-08
01.	Earning from Export during the year	7,97,40,019/-	6,44,75,846/-
02.	Outgo:		
	a) CIF value of Imports	3,88,40,209/-	6,11,55,840/-
	b) Expenditure in foreign currency	8,10,825/-	9,68,310/-
	c) Traveling	2,62,090/-	7,12,710/-

By order of the Board of Directors  
For SHILCHAR TECHNOLOGIES LIMITED

**ALAY SHAH  
MANAGING DIRECTOR**

Place: Bil, Dist. Vadodara  
Date: 29.04.2009

**COMPLIANCE CERTIFICATE**

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

**SHILCHAR**

**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, 2009. In our opinion and to the best of my/our information and according to the examinations carried out by me/us and explanations furnished to me/us by the Company, its officers and agents, I/We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public limited company, comments are not required.



4. The Board of Directors duly met 04 (Four) times on 29.04.2008, 30.07.2008, 27.10.2008 and 24.01.2009 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 28<sup>th</sup> July, 2008 to 30<sup>th</sup> July, 2008 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2008 was held on 30<sup>th</sup> July, 2008 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. One extra ordinary general meeting on 29.04.2008 was held during the financial year 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.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act the Company has not obtained any approvals from the Board of Directors, Members and previous approval of the Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment of securities during the financial year. The company has delivered all the certificates on lodgement of shares for transfer/ transmission in accordance with the provisions 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 – 2008" with Standard Chartered Bank, Vadodara on 31.07.2008 which is within five days from the date of declaration of dividend in the AGM held on 30.07.2008.  
(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 – 2008" with Standard Chartered Bank, 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. The appointment of Mr. Rajesh Varma as additional Director has been duly made. 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 has obtained all necessary 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 as detailed below:



- i) Expression of opinion under proviso to sub-section 1 of section 309 of the Companies Act, 1956 in relation to professional services rendered by Shri Ashesh J. Shah, a non – executive Director to the company vide letter no. F. No. SRN/A 42300368 – CL. VII dated 20.01.09 of Government of India, Ministry of Corporate Affairs, New Delhi.
18. The Directors have disclosed their interest in other firms/companies to the Board of Director pursuant to the provisions of the Act and the rules made there under.
  19. The Company has not issued any shares, debentures or other securities during the financial year.
  20. The Company has not bought back any shares during the financial year.
  21. There was no redemption of Preference shares or debentures during the year financial year.
  22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares, pending registration of transfer of shares in compliance with the provisions of the Act.
  23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year, except for the outstanding amount of unsecured loans of Directors received in the past.
  24. The amount borrowed by the Company from directors, members, public financial institutions, banks and others during the financial year ending on 31<sup>st</sup> March, 2009 is within the borrowing limits of the Company and that necessary resolutions have been passed in duly convened extra ordinary general meeting.
  25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
  26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
  27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
  28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny and complied with the provisions of the Act.
  29. The Company has altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.
  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: 28.04.2009

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: 28.04.2009

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

Annexure B

**Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2009.**

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 23	192	Re appointment of Shri Ashesh J. Shah as Consultant – Marketing & Administration w. e. f. 01.01.08 in EGM held on 29.04.08	03.05.08	A36880896 Rs. 500/-	Yes	No
2.	Form 8	125	Modification of Hypothecation charge on 06.09.2007 to enhance credit facilities up to Rs. 2771 lacs which was originally	04.06.08	A38879573 Rs. 3500/-	No	Yes



			created on 06.06.06 with Bank of Baroda, Alkapuri Branch, Vadodara.				
3.	Form 8	125	Modification of mortgage charge on 28.02.08 to secure enhanced credit facilities up to Rs. 2795 lacs which was originally created on 06.06.06 with Bank of Baroda, Alkapuri Branch, Vadodara	04.06.08	A38879227 Rs. 1500/-	No	Yes
4.	Form 8	125	Creation of Hypothecation charge with Standard Chartered Bank Ltd., Ahmedabad on 03.06.08 for Rs. 985 lacs	10.06.08	A39211578 Rs. 500/-	Yes	No
5.	Form 25A	309	Re appointment of Shri Ashesh J. Shah as Consultant – Marketing & Administration w. e. f. 01.01.08	30.07.08	A42300368 Rs. 2000/-	Yes	No
6.	Form 32	303	Resignation of Mr. Bhagirath Merchant from directorship of the company w. e. f. 24.07.08	04.08.08	A42579938 Rs. 500/-	Yes	No
7.	Form 20B	159	In relation to Filing of Annual Return for the AGM held on 30.07.2008	14.08.08	P20478210 Rs. 500/-	Yes	No
8.	Form 23	192	Authorisation to Directors to borrow and to create charge on the immovable & movable assets of the company u/s 293(1)(a) and 293(1)(d) of the Companies Act, 1956	14.08.08	A43150952 Rs. 500/-	Yes	No
9.	Form 23AC & ACA	220	Towards the Filing of Annual Accounts for the year ended 31.03.08	18.08.08	P20394177 Rs. 500/-	Yes	No
10.	Form 17 (EM)	139	Satisfaction of charge of Rs. 950 lacs with Centurion Bank of Punjab Ltd., Alkapuri Branch, Vadodara on 23.09.08	30.09.08	A45965456 Rs. 500/-	Yes	No./;



11.	Form 17 (HP)	139	Satisfaction of charge of Rs. 950 lacs with Centurion Bank of Punjab Ltd., Alkapuri Branch, Vadodara on 23.09.08	30.09.08	A45961620 Rs. 500/-	Yes	No
12.	Form 32	303	Appointment of Mr. Rajesh Varma as Additional Director of the company w. e. f. 27.10.08	07.11.08	A49484801 Rs. 500/-	Yes	No

Place: Vadodara  
Date: 28.04.2009

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





## CORPORATE GOVERNANCE REPORT

### A. MANDATORY REQUIREMENTS

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

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

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

Key aspects of the Company's Governance Processes are:

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

#### 2. Board of Directors.

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

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

##### (a) Composition

As of the year ended 31<sup>st</sup> March, 2009, the Board of Directors had 7 (seven) members comprising of 6 (six) Non-Executive Directors and Mr. Alay Shah, Managing Director, being the only Whole time/ Executive Director. The Non-Executive Directors included 4 (four) members who were Independent Directors. The Chairman of the Board is Non Executive Director.

The numbers of independent directors or numbers of non-executive directors are in agreement with



the numbers stipulated by the Clause 49 of the Listing Agreement with the Stock Exchanges.

Brief background of Directors is as under:

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

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

**(ii) Mr. Ashesh Shah**

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

**(iii) Mr. Alay Shah**

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

**(iv) Mr. Mukesh Patel**

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

**(v) Mr. Rajesh Varma**

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

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

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

**(vii) Mr. Kirti P Shah**

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





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

During the year under review, the Board of Directors met four times on 29.04.2008, 30.07.2008, 27.10.2008 and 24.01.2009.

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 C Shah	Chairman	3	75
Mr. Ashesh Shah	NED	3	75
Mr. Alay J Shah	MD	4	100
Mr. Mukesh Patel	NED	4	100
Mr. O.P.Khanna	NED	4	100
Mr. Kirtikant.P.Shah	NED	0	00
Mr. Rajesh Varma *	NED	1	25
Mr. Bhagirath Merchant*	NED	1	25

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

\*Mr. Rajesh Varma has been appointed as Additional Director w.e.f 27.10.2008.

\*Mr. Bhagirath Merchant resigned from his Directorship w.e.f 24.07.2008.

Mr. Alay J. Shah, Mr. Mukesh D. Patel and Mr. O. P. Khanna attended the Annual General Meeting of the Company held on 30<sup>th</sup> July, 2008.

**(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	1	NIL	NIL
Mr. Alay Shah	1	NIL	NIL
Mr. Mukesh Patel	7	1	6
Mr. O P Khanna	1	1	NIL
Mr. Kirti P Shah	1	NIL	NIL
Mr. Rajesh Varma	3	NIL	NIL

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

A brief resume of respective Directors seeking re appointment at the 23<sup>rd</sup> 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 per the Clause 49 of the Listing Agreement, the Board of Directors at its meeting held on 27.10.2008 reconstituted the Audit Committee and appointed Mr. Rajesh Varma as Chairman of the Audit Committee thereby filled up the vacancy caused due to resignation of Mr. Bhagirath Merchant, the then Chairman of the Committee.

As on 31<sup>st</sup> March 2009, 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 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009. 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. Bhagirath Merchant*	Chairman	1	25
Mr. O P Khanna	Independent Director	4	100
Mr. Mukesh Patel	Independent Director	4	100
Mr. Rajesh Varma*	Chairman	1	25

\*Mr. Rajesh Varma has been appointed as Chairman of the Audit Committee w.e.f 27.10.2008.

\*Mr. Bhagirath Merchant resigned from his Directorship w.e.f 24.07.2008.



**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 per the Clause 49 of the Listing Agreement, the Board of Directors at its meeting held on 27.10.2008 reconstituted the Remuneration Committee and appointed Mr. Rajesh Varma as member of the Committee thereby filled up the vacancy caused due to resignation of Mr. Bhagirath Merchant, the then member of the Committee.

As on 31<sup>st</sup> March, 2009, 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**

During the year under review, no Remuneration Committee meeting was held.

**(d) Remuneration Policy**

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

**(e) Details of Remuneration paid to all directors (for the period 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009)**

	All elements of remuneration package i.e. Salary benefits bonuses, pension, etc.	Fixed component & performance linked incentives along with the performance criteria (Rs. in Lacs)	Service Contracts notice period, severance fees.	Stock option with details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable
Mr. Alay Shah (MD)	Rs. 20.15 lacs	Nil	Nil	Nil
Mr. Ashesh Shah (NED)	Rs. 15 lacs	Nil	Nil	Nil

**Notes:**

- (a) The agreement with Managing Director is for a period of 3 years or the normal retirement date whichever is earlier. Further, either party to the agreement is entitled to terminate the Agreement by giving not less than six calendar months notice in writing to the other party.
- (b) Mr. Ashesh Shah has been paid remuneration against rendering by him professional services for which, the necessary permission under the applicable provisions of the Companies Act, 1956 was obtained from the Central Government.



- (c) Requisites Directors sitting fees paid to the Non Executives Directors during the year under review.  
 (d) During the FY 2008-09, the Company did not have a scheme for grant of stock options to its employees.

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

As on 31<sup>st</sup> March, 2009 the Transfer and Shareholders'/Investors' Grievance Committee comprised of Mr. Mukesh Patel Chairman, Mr. Ashesh Shah and Mr. O P Khanna. Mr. Prajesh Purohit, Compliance Officer is a permanent invitee.

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

**6. General Body Meetings**

(a) Location and time where last three AGMs were held		
<b>Location</b>	<b>Date</b>	<b>Time</b>
(i) Shilchar Technologies Limited Bil Road, Bil 391 410 Dist.Baroda	30/07/2008	10:30 a.m.
(ii) ——— do ———	22/09/2007	10:30 a.m.
(iii) ——— do ———	28/07/2006	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	:	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)	23 <sup>rd</sup> AGM Date, Time and Venue	:	Thursday, 30.07.2009 at 03:00 p.m. at Shilchar Technologies Limited, Bil Road, Bil, Dist. Baroda - 391 410
(b)	Financial calendar	:	i. April 2009 to March 2010
		:	ii. First Quarter 2009 Results – on or before 31 <sup>st</sup> July 2009.
		:	iii. Second Quarter/ Half yearly Results 2009 – on or before 31 <sup>st</sup> October 2009.
		:	iv. Third Quarter 2008 Results – on or before 31 <sup>st</sup> January 2010
		:	v. Audited Results for the Fourth Quarter/ Year ending 31 <sup>st</sup> March 2010, - on or before 30 <sup>th</sup> June, 2010.
(c)	Date of Book closure	:	27.07.2009 (Monday) to 30.07.2009 (Thursday) (both days inclusive)



(d) Dividend Payment date	: On or after 31 <sup>st</sup> July 2009, if declared at Annual General Meeting on 30.07.2009.																																							
(e) Listing on Stock Exchange.	: The Company has paid Listing Fees for the period 1 <sup>st</sup> April, 2009 to 31 <sup>st</sup> March 2010 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	<p>The High / Low market price of the shares during the year 2008-2009 at the Stock Exchange, Mumbai were as under:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>High</th> <th>Low</th> </tr> </thead> <tbody> <tr> <td>April, 2008</td> <td>147.75</td> <td>113.60</td> </tr> <tr> <td>May, 2008</td> <td>136.05</td> <td>112.05</td> </tr> <tr> <td>June, 2008</td> <td>116.50</td> <td>81.05</td> </tr> <tr> <td>July, 2008</td> <td>112.85</td> <td>78.00</td> </tr> <tr> <td>August, 2008</td> <td>106.90</td> <td>90.35</td> </tr> <tr> <td>September, 2008</td> <td>109.95</td> <td>99.30</td> </tr> <tr> <td>October, 2008</td> <td>-</td> <td>-</td> </tr> <tr> <td>November, 2008</td> <td>94.35</td> <td>85.20</td> </tr> <tr> <td>December, 2008</td> <td>86.50</td> <td>86.50</td> </tr> <tr> <td>January, 2009</td> <td>82.20</td> <td>82.20</td> </tr> <tr> <td>February, 2009</td> <td>94.40</td> <td>86.30</td> </tr> <tr> <td>March, 2009</td> <td>103.75</td> <td>94.00</td> </tr> </tbody> </table>	Month	High	Low	April, 2008	147.75	113.60	May, 2008	136.05	112.05	June, 2008	116.50	81.05	July, 2008	112.85	78.00	August, 2008	106.90	90.35	September, 2008	109.95	99.30	October, 2008	-	-	November, 2008	94.35	85.20	December, 2008	86.50	86.50	January, 2009	82.20	82.20	February, 2009	94.40	86.30	March, 2009	103.75	94.00
Month	High	Low																																						
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March, 2009	103.75	94.00																																						
(h) Stock Performance in comparison to Broad-based indices such as BSE Sensex, BSE 200, Nifty 50.	: N.A.																																							
(i) Registrar and Transfer Agents	: M/s.MCS Limited, Neelam Apartment, 88 Samptrao Colony, Alkapuri Baroda Pin 390 007 Ph.Nos.233 9397, 2341639																																							
(j) Share Transfer System	: All the transfer and transmission requests are processed on fortnightly basis by M/s. MCS Limited, being the Registrar & Transfer Agent (RTA). To facilitate prompt services, the RTA is also authorized to approve the transfers and dispatch the share certificates within stipulated time frame.																																							



DISTRIBUTION OF HOLDINGS AS ON 31.03.2009

No. of Shares			Shareholders		Nos. of Shares	
			Holder	% To Total	Number	%
Up to	500	525	91.46	90,327	2.37	
501	To	1,000	22	3.83	16,842	0.44
1,001	To	2,000	8	1.39	11,799	0.31
2,001	To	3,000	6	1.05	14,617	0.38
3,001	To	4,000	1	0.17	6,400	0.17
4,001	To	5,000	1	0.17	13,040	0.34
5,001	To	10,000	1	0.17	15,000	0.39
10,001	To	50,000	1	0.17	60,300	1.58
50,001	To	1,00,000	1	0.17	87,910	2.31
And Above			8	1.39	34,97,165	91.71
<b>Total</b>			<b>574</b>	<b>100.00</b>	<b>38,13,400</b>	<b>100.00</b>

- (l) Dematerialization of Shares and liquidity : 97.78% of the paid-up capital has been dematerialized as on 31<sup>st</sup> March, 2009.
- (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 31.03.2009.
- 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 31<sup>st</sup> March, 2009.

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

Place: Bil, Dist. Vadodara  
Date: 29.04.2009

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





**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, 2009 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, 2009, against the Company, as per records maintained by the Investors Grievance/Share transfer Committee of the Company.

**For NARESH & CO.  
CHARTERED ACCOUNTANTS**

**SHILCHAR**

**HARIN PARIKH  
PARTNER  
Mem No. 107606**

Place: Bil, Dist. Vadodara  
Date: 29.04.2009



**AUDITORS' REPORT**

**To the Members**

We have audited the attached Balance Sheet of SHILCHAR TECHNOLOGIES LIMITED as at 31<sup>st</sup> March, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

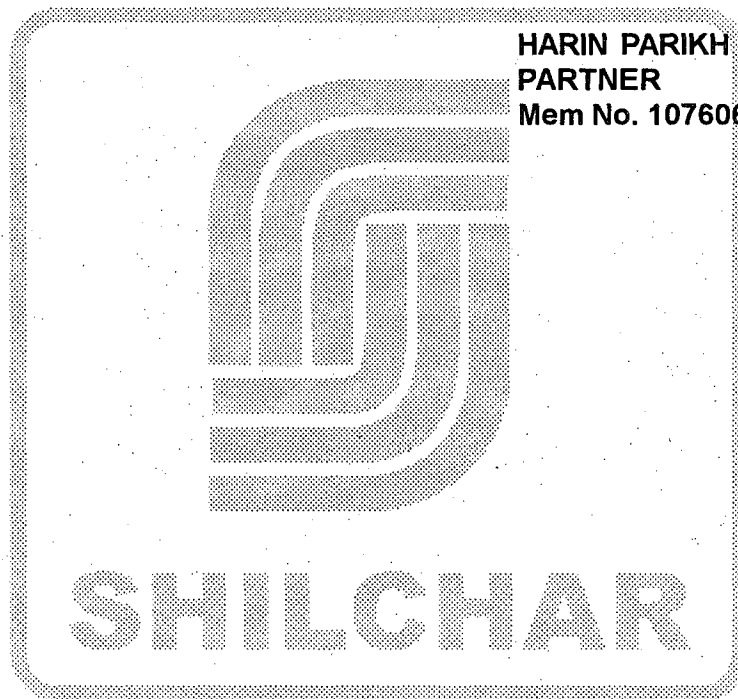
1. As required by the Companies (Auditors Report) Order, 2003 and Companies (Auditors Report) Order (Amendment), 2004 (hereinafter collectively referred to as CARO) issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
  - a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our Audit,
  - b) In our opinion, proper books of accounts as required by the law have been kept by the Company, so far as appears from our examination of the said books,
  - c) The Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company,
  - d) In our opinion, the Balance Sheet & the Profit & Loss Account annexed thereto and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 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, 2009,
- (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**

Place : Bil, Dist. Vadodara  
Date : 29.04.2009





**ANNEXURE TO AUDITORS' REPORT**

**(Referred to in paragraph 1 or our report of even date on the accounts for the year ended 31<sup>st</sup> March 2009 of Shilchar Technologies Limited )**

- (i) (a) The Company has maintained proper records showing full particulars including Quantitative Details for the last nine years. As informed to us, the Company is in the process of updating its old records as well as situation of Fixed Assets
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) During the year, Company has not disposed off any of its assets, except 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 from the current years to carry out the Internal Audit Function. In our opinion and according to the information and explanations given to us, the same is commensurate with the size of Company and nature of business.
- (viii) As per the information and explanations given to us, most of the Companies products are not covered amongst the various products for which the Central Government has prescribed rules under clause (d) of sub-section (1) of section 209 of the Act, for maintenance of Cost Records. For the products of the Company that are covered under the above rules, the turnover of the Company is less than Rs. 10 Crores and hence in the opinion of the Management the above rules are not applicable.

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

According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other applicable material statutory liabilities were outstanding, as at 31<sup>st</sup> March, 2009 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. The details of income tax & service tax matters in dispute against which all amounts have been deposited are covered under Note 16 of Schedule S - Notes to the Accounts.
- (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 has 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. Long term application of funds during the year, being acquisition of fixed assets principally, have been financed, as represented by the Management, out of the Reserves / Internal Accruals of the Company.
- (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.

**SHILCHAR**

For NARESH & CO.  
CHARTERED ACCOUNTANTS

HARIN PARIKH  
PARTNER  
Mem No. 107606

Place : Bil, Dist. Vadodara  
Date : 29.04.2009



**BALANCE SHEET AS AT 31st MARCH, 2009**

	SCHEDULE	YEAR ENDED AS AT 31.03.2009 Amount Rs.	YEAR ENDED AS AT 31.03.2008 Amount Rs.
<b>I. SOURCES OF FUNDS</b>			
(1) Shareholders' Funds			
(a) Share Capital	A	38,134,000	38,134,000
(b) Reserves and Surplus	B	140,250,943	144,376,648
(2) Loan Funds			
a) Secured Loans	C	135,982,587	78,664,188
b) Unsecured Loans	D	14,953,750	71,617,125
(3) Deferred Tax Liabilities		17,473,752	15,813,927
<b>TOTAL</b>		<b>346,795,032</b>	<b>348,605,888</b>
<b>II. APPLICATION OF FUNDS</b>			
(1) Fixed Assets	E		
(a) Gross Block		241,526,354	240,692,865
(b) Less : Depreciation / Amortization		84,272,785	73,649,515
(c) Net Block		157,253,569	167,043,349
Capital Work-in-Progress		-	-
(2) Investments	F	7,007,000	7,007,000
(3) Deferred Tax Assets		1,786,284	266,988
(4) Current Assets, Loans and Advances	G		
(a) Interest Accrued but not due		514,990	214,764
(b) Inventories		95,981,675	126,676,786
(c) Sundry Debtors		232,606,321	239,141,223
(d) Cash and Bank Balances		14,032,709	8,317,501
(e) Loans and Advances		21,421,279	34,464,480
		364,556,974	408,814,754
Less: Current Liabilities and Provisions	H		
(a) Liabilities		183,021,510	215,529,228
(b) Provisions		3,027,285	18,996,976
		186,048,795	234,526,204
<b>Net Current Assets</b>		178,508,179	174,288,550
(5) Miscellaneous Expenditure (To the extent not written off or adjusted)	I	2,240,000	-
<b>TOTAL</b>		<b>346,795,032</b>	<b>348,605,888</b>
Significant Accounting Policies & Notes to Accounts	S		

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

For SHILCHAR TECHNOLOGIES LIMITED

HARIN PARIKH  
PARTNER  
Mem No. 107606

ALAY SHAH  
M.D.

JITENDRA SHAH  
CHAIRMAN

Place : Vadodara  
Date : 29.04.2009

Place : Vadodara  
Date : 29.04.2009



**PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH 2009**

	SCHEDULE	YEAR ENDED AS AT 31.03.2009 Amount Rs.	YEAR ENDED AS AT 31.03.2008 Amount Rs.
<b>INCOME</b>			
Gross Sales	J	501,850,112	798,335,397
Less : Excise Duty on Sales		30,592,165	98,319,431
Net Sales and Operating Income		471,257,947	700,015,966
Other Income	K	2,454,467	3,234,177
Increase / (Decrease) in stock	L	5,309,326	531,149
		<b>479,021,740</b>	<b>703,781,292</b>
<b>EXPENSES</b>			
Raw Materials & Others Consumed	M	375,452,562	542,859,057
Manufacturing & Operating Expenses	O	26,235,058	36,365,119
Human Resources Cost	N	19,226,484	17,500,738
Administrative Expenses	P	21,280,532	19,414,225
Selling & Distribution Expenses	Q	10,300,607	11,859,674
Financial Charges	R	16,637,752	16,890,546
Depreciation / Amortization		9,534,086	9,104,040
		<b>478,667,081</b>	<b>653,993,399</b>
<b>Profit before Taxation &amp; Extraordinary Items</b>		<b>354,659</b>	<b>49,787,893</b>
Add : Interest on Income Tax Refunds		-	48,826
Add : Excess Provision for Expenses written Back		34,532	267,314
Less : Prior year's Income Tax Adjustments		(262,727)	158,715
<b>Profit Before Taxation</b>		<b>651,918</b>	<b>49,945,318</b>
Provision for Taxation - Current Tax		73,862	13,750,000
Provision for Taxation - Fringe Benefit Tax		220,424	252,301
Provision for Taxation - Deferred Tax		140,529	3,820,331
<b>Profit After Tax</b>		<b>217,103</b>	<b>32,122,686</b>
Balance Brought forward		79,058,791	51,397,592
Balance available for appropriation		79,275,894	83,520,278
Transferred to Foreign Currency Monetary Item			
Translation Difference (See Note 2)		1,020,833	-
Proposed Dividend on Equity Shares		1,906,700	3,813,400
Corporate Dividend Tax on above		324,107	648,087
<b>Balance carried to Balance Sheet</b>		<b>76,024,254</b>	<b>79,058,791</b>
Significant Accounting Policies & Notes to Accounts	S		
Eaming per Share - Basic		0.06	8.42
- Diluted		0.06	8.42

As per our report attached of even date

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

For **SHILCHAR TECHNOLOGIES LIMITED**

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

**ALAY SHAH**  
M.D.

**JITENDRA SHAH**  
CHAIRMAN

Place : Vadodara  
Date : 29.04.2009

Place : Vadodara  
Date : 29.04.2009





**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009**

Sr.	Item	For the Year ended 31.3.2009 Rupees	For the Year ended 31.3.2008 Rupees
<b>A.</b>	<b>Cash flow from Operating Activities :</b>		
	<i>Net Profit before Tax &amp; Extra Ordinary Items</i>	354,659	49,787,893
	Adjustment for :		
	Depreciation & Write-offs	9,534,086	9,104,040
	Deferred Revenue Expenses	-	-
	Prior Period Adjustments	309,609	805,103
	Loss/(Profit) on Sale of Investments/Assets	964	60,680
	Foreign Currency Monetary Item Translation Diff.	(3,260,833)	-
	Interest	16,637,752	16,890,546
	<i>Operating Profit before Working Capital Changes</i>	23,576,237	76,648,262
	Adjustments for :		
	(Increase)/Decrease in Trade Receivables	6,534,902	(53,286,434)
	(Increase)/Decrease in Inventories	30,695,111	(59,281,452)
	(Increase)/Decrease in Loans & Advances (Trade)	693,536	(1,297,833)
	Increase/(Decrease) in Trade Payable	(40,358,088)	94,867,765
	Increase/(Decrease) in Other Current Liabilities	7,787,497	(795,051)
	<i>Cash Generated from Operations</i>	28,929,195	56,855,257
	Interest Paid	16,637,752	16,890,546
	Direct Taxes Paid	1,658,258	15,117,257
	<i>Cash Flow before Extra Ordinary Items</i>	10,633,185	24,847,454
	Extra Ordinary Items	34,532	316,140
	Prior Period Items ( being cash items )	(309,609)	(805,103)
	<b>Net Cash Flow from Operating Activities</b>	<b>10,358,108</b>	<b>24,358,491</b>
<b>B.</b>	<b>Cash flow from Investing Activities</b>		
	Purchase of Fixed Assets	(969,973)	(13,596,649)
	Net Proceeds from Sale of Fixed Assets	133,536	123,428
	Redemption of Preference Shares	-	-
	Dividend Paid (incl. Tax Thereon)	(4,461,487)	(2,230,807)
	Dividend Received	-	-
	Investments	-	-
	Sale of Investments	-	-
	<b>Net Cash used in Investment Activities</b>	<b>(5,297,924)</b>	<b>(15,704,028)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	External Commercial Borrowings (net of repayment)	3,260,833	(1,020,833)
	Increase/(Decrease) in Short Term Borrowings	(59,924,208)	59,924,208
	Increase/(Decrease) in Bank Borrowings	57,318,399	(72,527,339)
	(Increase)/Decrease in Margin Money	(5,435,716)	2,713,448
	<b>Net Cash used in Financing Activities</b>	<b>(4,780,692)</b>	<b>(10,910,516)</b>
<b>D.</b>	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>279,492</b>	<b>(2,256,053)</b>
	Cash and Cash Equivalents (Opening)	611,011	2,867,064
	Cash and Cash Equivalents (Closing)	890,503	611,011

As per our report attached of even date

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

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

Place : Vadodara  
Date : 29.04.2009

For **SHILCHAR TECHNOLOGIES LIMITED**

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

**JITENDRA SHAH**  
**CHAIRMAN**

Place : Vadodara  
Date : 29.04.2009



**SCHEDULES FORMING PART OF BALANCE SHEET  
AS AT 31st MARCH 2009**

	YEAR ENDED AS AT 31.03.2009 Amount Rs.	YEAR ENDED AS AT 31.03.2008 Amount Rs.
<b>SCHEDULE - (A)</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
50,00,000 Equity Shares of Rs.10 each	50,000,000	50,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
38,13,400 Equity Shares of Rs.10 each fully paid up (Previous year 38,13,400 Equity Shares of Rs. 10 each fully paid up)	38,134,000	38,134,000
NOTE : 1. 6,89,840 Equity Shares of Rs.10 each were allotted as fully paid up by way of Bonus Shares by Capitalisation of the Revaluation Reserve during 1994-95.		
2. 2,60,950 Nos.of Equity Shares of Rs.10 issued to OCB's on 24.07.2001 as per RBI approval		
3. 2,60,950 Nos.of Equity Shares of Rs.10 issued to OCB's on 25.07.2002 as per RBI approval		
<b>TOTAL</b>	<b>38,134,000</b>	<b>38,134,000</b>
<b>SCHEDULE - (B)</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVES :</b>		
Share Premium account	30,657,265	30,657,265
Capital Reserves on Amalgamation of Shilchar Core Ltd.	13,756,439	13,756,439
Capital Redemption Reserves on Amalgamation of SPTL	-	3,807,000
Less : Reduction on Amalgamation of SPTL	-	3,807,000
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	7,510,732	8,669,422
Less: Depreciation adjusted	1,091,168	1,158,690
Balance at year end	6,419,564	7,510,732
<b>REVENUE RESERVES :</b>		
General Reserve:	10,359,273	10,359,273
Profit and Loss Account	76,024,254	79,058,791
<b>TOTAL</b>	<b>140,250,943</b>	<b>144,376,648</b>



**SCHEDULES FORMING PART OF BALANCE SHEET  
AS AT 31st MARCH 2009**

YEARENDED AS AT 31.03.2009 Amount Rs.	YEARENDED AS AT 31.03.2008 Amount Rs.
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**SCHEDULE - (C)**

**SECURED LOANS**

( See Note 4 )

From Bank of Baroda for Working Capital	50,802,519	13,460,880
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Bank of Baroda EPC/FBD/PCFC/FCBD account (Secured against Export Orders & Stock of Export)	35,663,738	14,366,164
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From Standard Chartered Bank for Working Capital	46,726,315	7,784,806
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**Long Term Loans**

Rupee Term Loans :

- From Standard Chartered Bank	2,790,015	12,826,729
- From Bank of Baroda	-	30,225,609

<b>TOTAL</b>	<b>135,982,587</b>	<b>78,664,188</b>
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**SCHEDULE - (D)**

**UNSECURED LOANS**

**Long Term Loans**

Foreign Currency Loans :

- From Others (See Note 5)	14,953,750	11,692,917
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**Short Term Loan**

- From Standard Chartered Bank	-	59,924,208
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<b>TOTAL</b>	<b>14,953,750</b>	<b>71,617,125</b>
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**SCHEDULE - (F)**

**INVESTMENTS**

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

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

Particulars	Gross Block				Depreciations						Net Block			
	As At 01.04.2008	Addition During the year Cost	Deduction/ Adjustment during the year		As At 31.03.2009	As At 01.04.2008 Cost	For the year		Total	Adjustment/ Deduction during the year		As At 31.03.2009	As At 31.03.2009	As At 31.03.2008
			Cost	Revaluation			Cost	Revaluation		Cost	Revaluation			
Land	10,095,087	-	-	-	10,095,087	-	-	-	-	-	-	10,095,087	10,095,087	
Office Building	4,400,000	-	-	-	4,400,000	543,245	71,720	-	614,965	-	-	614,965	3,785,035	3,926,258
Factory Building	56,104,221	-	-	-	56,104,221	13,311,109	1,433,202	437,428	15,181,739	-	-	15,181,739	40,922,482	40,065,524
Plant & Machinery	126,832,538	858,504	123,934	-	127,567,108	43,418,051	5,398,184	653,740	49,469,975	2,056	-	49,467,919	78,099,189	81,958,282
Windmill	15,944,789	-	-	-	15,944,789	1,123,281	841,885	-	1,965,166	-	-	1,965,165	13,979,624	15,665,698
Computers	6,030,052	84,100	12,550	-	6,101,602	5,013,531	388,815	-	5,402,346	95	-	5,402,251	699,351	738,175
Furnitures & Fixtures	17,271,708	15,409	-	-	17,287,115	8,239,298	1,107,126	-	9,346,424	-	-	9,346,424	7,940,691	8,950,416
Vehicles	3,544,107	-	-	-	3,544,107	17,19,094	197,180	-	1,916,274	-	-	1,916,273	1,627,834	2,211,799
<b>Total</b>	<b>240,222,500</b>	<b>958,013</b>	<b>136,484</b>	<b>-</b>	<b>241,044,029</b>	<b>73,367,609</b>	<b>9,438,112</b>	<b>1,091,188</b>	<b>83,896,889</b>	<b>2,151</b>	<b>-</b>	<b>83,894,737</b>	<b>157,149,293</b>	<b>163,611,239</b>
Previous Year	227,045,882	13,596,646	420,028	-	240,222,500	63,434,642	9,013,215	1,158,690	73,606,545	238,933	-	73,367,611	166,854,890	166,854,890

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

Particulars	Gross Block				Amortisation						Net Block			
	As At 01.04.2008	Addition During the year Cost	Deduction/ Adjustment during the year		As At 31.03.2009	As At 01.04.2008 Cost	For the year		Total	Adjustment/ Deduction during the year		As At 31.03.2009	As At 31.03.2009	As At 31.03.2008
			Cost	Revaluation			Cost	Revaluation		Cost	Revaluation			
Softwares	470,365	11,960	-	-	482,325	281,904	96,144	-	378,048	-	-	378,048	104,277	282,301
<b>Total</b>	<b>470,365</b>	<b>11,960</b>	<b>-</b>	<b>-</b>	<b>482,325</b>	<b>281,904</b>	<b>96,144</b>	<b>-</b>	<b>378,048</b>	<b>-</b>	<b>-</b>	<b>378,048</b>	<b>104,277</b>	<b>282,301</b>
Previous Year	470,365	-	-	-	470,365	188,064	93,840	-	281,904	-	-	281,904	188,461	188,461

**Notes :**

- Land included Land at Dabhasa which is pending to be transferred to the name of the Company.
- Additions to Assets which are less than Rs. 5000 each in value are written off fully in the year of addition itself.
- The total value of such fully depreciated assets in the above schedule is Rs. 9,01,397/-



**SCHEDULES FORMING PART OF BALANCE SHEET  
AS AT 31st MARCH 2009**

YEARENDED AS AT 31.03.2009 Amount Rs.	YEARENDED AS AT 31.03.2008 Amount Rs.
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**SCHEDULE - (G)**

**CURRENT ASSETS, LOANS AND ADVANCES**

**a) INVENTORIES**

(As Taken, Valued and Certified by Management)  
(Refer Note 1(g))

Finished Goods	17,181,725	12,050,292
Work in Progress	30,237,523	35,539,404
Raw Materials	48,562,427	79,087,090
<b>TOTAL</b>	<b>95,981,675</b>	<b>126,676,786</b>

**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	19,275,932	5,900,190
Others	213,330,389	233,241,033
<b>TOTAL</b>	<b>232,606,321</b>	<b>239,141,223</b>

**c) CASH AND BANK BALANCES**

Cash in Hand	59,779	43,221
Balances with Banks:		
Current Accounts with Scheduled Banks	830,724	567,790
Margin Money Deposit Accounts with Scheduled Banks	13,142,206	7,706,490
<b>TOTAL</b>	<b>14,032,709</b>	<b>8,317,501</b>



**SCHEDULES FORMING PART OF BALANCE SHEET  
AS AT 31st MARCH 2009**

	YEARENDED AS AT 31.03.2009 Amount Rs.	YEARENDED AS AT 31.03.2008 Amount Rs.
<b>d) LOANS AND ADVANCES</b> (Unsecured, Considered Good)		
Advances Recoverable in Cash or Kind or for Value to be Received	8,707,808	11,681,577
Deposits with State Electricity Boards & Others	1,256,768	1,226,758
Advance Income Taxes (net of provisions)	7,361,518	19,458,358
Balance with Customs, Excise Authorities etc.	4,095,185	2,097,787
<b>TOTAL</b>	<b>21,421,279</b>	<b>34,464,480</b>

**SCHEDULE - (H)**

**CURRENT LIABILITIES AND PROVISIONS**

**Current Liabilities**

Sundry Creditors - Goods - Others	130,594,602	178,806,422
Micro & Small Enterprises	21,663,910	13,737,333
Sundry Creditors - Expenses	11,585,043	13,749,677
Expenses Payable	8,526,971	6,435,182
Unpaid Dividend ( See Note 35 )	45,155	13,389
Advance Payments for which value to be given	2,891,168	553,739
Other Current Liabilities	7,630,584	2,191,786
Interest Accrued but not Due on Loans	84,077	41,700

**TOTAL** **183,021,510** **215,529,228**

**Provisions**

Provision for Current Taxation	73,862	13,750,000
Provision for Leave Encashment	722,616	785,489
Provision For Proposed Dividend (2008-2009)	1,906,700	3,813,400
Provision For Corporate Dividend Tax	324,107	648,087

**TOTAL** **3,027,285** **18,996,976**

**SCHEDULE - (I)**

Miscellaneous Expenditure  
(To the extent not written off or adjusted)

Balance Brought Down	-	-
Add : Foreign Currency Monetary Item Translation Difference (See Note 2)	2,240,000	-
Less : Amortised / Written off During the year	-	-

**TOTAL** **2,240,000** **-**



**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH 2009**

YEAR ENDED AS AT 31.03.2009 Amount Rs.	YEAR ENDED AS AT 31.03.2008 Amount Rs.
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**SCHEDULE - (J)**

**SALES AND OPERATING INCOME**

Sales (Exports)	84,457,120	64,835,099
Sales (Local)	386,800,827	635,180,867
Total Sales	471,257,947	700,015,966
Excise Duty on Sales	30,592,165	98,319,431

<b>TOTAL</b>	<b>501,850,112</b>	<b>798,335,397</b>
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**SCHEDULE - (K)**

**OTHER INCOME**

Sundry Credit Balances Appropriated	1,075,594	1,695,286
Bad Debts Recovered	-	18,419
Die Development Income	-	13,662
Prior Period Income	310,363	28,008
Packing & Forwarding Charges	37,810	-
Insurance Claim received	429,560	-
Sale of DEPB Licence	601,140	-
Exchange Rate Difference	-	1,478,802

<b>TOTAL</b>	<b>2,454,467</b>	<b>3,234,177</b>
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**SCHEDULE - (L)**

**INCREASE / (DECREASE) IN STOCK**

Closing Stock of Finished Goods (includes net effect of excise duty)	17,359,618	12,250,551
Less: Opening Stock of Finished Goods	12,050,292	11,719,402

<b>TOTAL</b>	<b>5,309,326</b>	<b>531,149</b>
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**SCHEDULE - (M)**

**RAW MATERIAL & OTHERS CONSUMED**

Opening Stock of Raw Material & WIP	114,626,494	55,675,931
Add : Purchases During the year	338,679,068	600,116,917
	453,305,562	655,792,848
Less : Closing Stock of Raw Material & WIP	78,799,950	114,626,494
Raw Materials Consumed	374,505,612	541,166,354
Consumable Stores & Spares	946,950	1,692,703

<b>TOTAL</b>	<b>375,452,562</b>	<b>542,859,057</b>
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**SCHEDULE - (N)**

**MANUFACTURING AND OPERATING EXPENDITURE**

Factory Expenses	206,965	195,895
Power and Fuel	1,395,191	1,769,542
Manufacturing Processing Cost	19,642,988	30,333,405
Carting, Freight, Octroi	756,678	1,202,451
Contractual Deductions	4,233,236	2,863,826

<b>TOTAL</b>	<b>26,235,058</b>	<b>36,365,119</b>
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**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH 2009**

	YEARENDED AS AT 31.03.2009 Amount Rs.	YEARENDED AS AT 31.03.2008 Amount Rs.
<b>SCHEDULE - (O)</b>		
<b>HUMAN RESOURCES COST</b>		
(a) Salaries, Wages, Incentives and Bonuses	17,221,800	14,939,973
(b) Contributions to Provident Fund	855,417	726,077
Gratuity	124,817	178,048
Leave Encashment	9,712	609,426
(c) Welfare Expenses	1,014,738	1,047,214
<b>TOTAL</b>	<b>19,226,484</b>	<b>17,500,738</b>

<b>SCHEDULE - (P)</b>		
<b>ADMINISTRATION EXPENSES</b>		
<u>Repairs</u>		
Buildings	108,599	505,615
Plant and Machinery	536,411	585,203
Electrical Repairs	98,624	280,619
Others	150,992	257,289
Rent, Rates and Taxes	37,865	280,511
Printing and Stationery	587,672	676,816
Postage Telephone etc	920,253	965,753
Conveyance and Travelling	3,393,726	3,866,276
Insurance Premium	633,624	569,851
Legal and Professional Fees	3,673,365	3,843,775
Subscription Expenses	336,710	312,030
<u>Auditors Remuneration</u>		
Statutory Audit Fees	100,000	100,000
Audit Fees - Sales Tax / VAT Work	60,208	25,000
Internal Audit Fees	100,000	25,000
<u>Directors Remuneration &amp; Sitting Fees</u>		
Directors Remuneration	2,015,815	1,759,684
Sitting Fees	95,000	101,000
Loss on Sale of Assets	964	60,680
Licence, Filing & Listing Fees	141,892	171,243
Security Charges	819,798	959,433
Bad Debts Written off	13,981	252,143
Research and Development Expenses	2,518,998	1,888,534
Donation	451,151	476,000
Miscellaneous Expenses / Guest House Expenses etc.	77,890	84,761
Lease Rent paid	390,000	188,500
Prior Period Expenses	619,972	833,111
Computer Expenses	337,058	259,398
Professional Tax (Company)	2,500	1,000
Exchange Rate Difference	2,966,430	-
Amalgamation Expenditure	91,034	85,000
<b>TOTAL</b>	<b>21,280,532</b>	<b>19,414,225</b>





**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH 2009**

	YEAR ENDED AS AT 31.03.2009 Amount Rs.	YEAR ENDED AS AT 31.03.2008 Amount Rs.
<b>SCHEDULE - (Q)</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Entertainment & Sales Promotion Expenses	87,105	234,946
Freight on Export	3,215,179	3,371,933
Freight / Octroi / Discount on Sale of Finished Goods	409,078	1,099,526
Agency Charges on Export	57,000	97,092
Testing Charges	3,180,622	1,856,603
Advertisement, Publicity,	68,755	2,324,285
Service Tax on outgoing material	125,273	134,383
Clearing & Forwarding on Export	615,745	509,789
Misc. Selling / Distribution Exps. / Tender Fees / Crane Hiring etc.	393,967	505,168
Commission	1,018,186	-
Exhibition & Seminar Expenses	1,129,697	1,725,949
	<b>10,300,607</b>	<b>11,859,674</b>
<b>SCHEDULE - (R)</b>		
<b>FINANCIAL CHARGES</b>		
Bank Interest (Including Interest on Term Loan)	13,995,065	14,516,126
Bank Charges	2,760,476	2,004,862
Other Interest	909,065	835,857
Total	17,664,606	17,356,845
Less : Interest Received (TDS Rs 1,03,965, p.y. Rs. 1,07,812)	1,026,854	466,299
<b>TOTAL</b>	<b>16,637,752</b>	<b>16,890,546</b>



**SCHEDULE "S"**

**Notes to Accounts**

**1. Significant Accounting Policies**

**a. Basis of Preparation of Financial Statements**

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

**b. Use of Estimates :**

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

**c. Fixed Assets**

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

**d. Depreciation / Amortisation :**

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

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

Depreciation on increase in value of the Fixed Assets on account of Revaluation is charged against Revaluation Reserve. Consequently the depreciation charge for the year shown in the Profit and Loss account is after deducting Rs. 1091168 ( 2008 : Rs. 1158690 ) representing depreciation on the Revalued Portion.

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



**e. Revenue Recognition**

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

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

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

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

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

**f. Research and Development Cost**

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

**g. Inventories**

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

**h. Investments**

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

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

**i. Foreign Currency Transactions**

Transactions in foreign currency, to the extent not covered by forward contracts, are recorded in Indian Rupees at the exchange rate prevailing on the date of the transactions. Exchange gains or losses on settlement, if any, are normally treated as income or expenditure respectively in the Profit and Loss Account.



However, in terms of Notification issued by the Ministry of Corporate Affairs on 31<sup>st</sup> March, 2009 and accepted by the Institute of Chartered Accountants of India, the Company has opted for accumulating the Exchange Rate Difference arising on reporting of its Long-term Foreign Currency Item being Long Term Borrowings in a separate account to be amortized before 31<sup>st</sup> March, 2011.

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

#### Derivatives

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

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

#### j. Retirement Benefits

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

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

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

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

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

#### k. Borrowing Costs

Costs of specific borrowings for purchase / construction or production of qualifying assets are capitalized as part of the cost of that Fixed Asset. A qualifying asset is one that 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.



**I. Taxes on Income**

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

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

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

**m. Impairment of Assets :**

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

**n. Leases :**

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

**n. Contingencies / Provisions :**

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

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

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



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

In terms of Notification issued by the Ministry of Corporate Affairs on 31<sup>st</sup> March, 2009 and accepted by the Institute of Chartered Accountants of India, the Company has 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) to the above account. Further, as stipulated, the Company has reversed the exchange rate difference recognized on the above ECB in accounting periods commencing after 7<sup>th</sup> December, 2006 by transferring the same to the above accumulating account by way of corresponding reduction from its Reserves.

Details of FCMITD Account	31 <sup>st</sup> March, 2009 (Rs.)
Exchange Rate Loss on ECB in FY 2008-09 accumulated	32,60,833
Less :	
Exchange Rate Gain on ECB recognized in FY 2007-08 transferred by reduction of reserves	10,20,833
Net Balance of FCMITD Account (Appearing as Misc. Expenditure to the extent not written off)	22,40,000

The above balance of Rs. 22,40,000 in FCMITD account shall be amortised in two equal installments in the next two years to write-off the entire amount before 31<sup>st</sup> March, 2011.

- Pursuant to ICAI announcement dtd. 29<sup>th</sup> March, 2008 on "Accounting for Derivatives" the Company has, based on principles of prudence enunciated in Accounting Standard-1 on "Disclosure of Accounting Policies", recognized mark to market (MTM) losses on derivative contracts outstanding as at March 31, 2009 to the extent losses are not offset by the fair value gain on the underlying hedge items. Accordingly, the Company has recognized MTM losses of Rs. 1536000 on Foreign Currency Forward Contracts for the year ended 31<sup>st</sup> March, 2009
- 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 and Term Loans obtained from Standard Chartered Bank are secured by way of a pari passu charge on the above assets of the Company. Term Loans obtained from Standard Chartered Bank are also primarily secured by the New Factory Properties \ Machineries \ Windmill for which the loan have been obtained.
- Long Term Unsecured Loans represent balance out of the External Commercial Borrowings (ECB's) obtained by the Company from one of its Foreign Equity holders to the tune of US\$ 350000 for the purpose of its erstwhile expansion project in terms of relevant rules of the Reserve Bank of India. Company had initially obtained a two-year deferment on repayment of the balance of the principal amount and has applied to the Reserve Bank of India for further extension for two years. Consequently, only interest payable and as well as exchange rate difference for the same has been provided for.



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

	2008-2009 (Rs.)	2007-2008 (Rs.)
E Cube India Solution Ltd. (Maximum amount outstanding during the year Rs. 13,34,087/-	9,91,155	13,34,087

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

	2008-2009 (Rs.)	2007-2008 (Rs.)
Remuneration	20,15,815	18,90,457
Perquisites	NIL	21,904
Bonus	3500	4,500
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.

8. Following Investments held by the Company 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

**Quoted :**

Intech Agencies Private Limited ( 105000 equity shares of Rs. 10 each ) – Rs. 10,50,000  
(Company under the Same Management)

**Unquoted :**

Multi Colour Offset Ltd. ( 240000 equity shares of Rs. 10 each ) – Rs. 721590  
Intradeco Ltd. (30000 equity share of Rs. 10 each ) – Rs. 204928  
Europlast Ltd. (9800 equity shares of Rs. 10 each) – Rs. 64097

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

9. No Borrowing Costs were eligible for capitalization during the year.
10. 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.



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

	31.03.2009 (Rs.)	31.03.2008 (Rs.)
- Kalupur Cooperative Bank	6,191 (Max 6,191)	6,191 (Max 6,191)

**12. 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.

**13. With reference to amounts shown as payable to Micro & Small Enterprises**, the information has been compiled in respect of parties to the extent they could be identified as Micro and Small 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 and Small 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 and Small Enterprises has not been compiled and presented.

**14. 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.

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

**16. Contingent Liabilities**

Bank Guarantees outstanding as on 31<sup>st</sup> March, 2009, amounted to Rs. 5,61,74,100 (p.y. Rs. 6,28,78,815) and Letters of Credit outstanding as at 31<sup>st</sup> March 2009, amounted to Rs. 2,97,80,822/- (p.y. Rs. 2,09,24,878) against which the company has kept the Margin Money in the form of Fixed Deposit worth Rs. 1,03,42,206 (p.y. Rs. 77,06,490)

Income Tax Cases Pending – All Demands Paid off :

A.Y.	Demand	Appeal Filed With	Appeal Filed By
1996-97	Rs. 42.20 lacs	ITAT	Company & Department
1996-97 Reassessment	Rs. 03.50 lacs	ITAT	- do -
1997-98 Reassessment	Rs. 01.10 lacs	ITAT	- do -
2001-02	Rs. 08.01 lacs	ITAT	Company

Service Tax Credits Reversed under Protest – Rs. 652179 (Show Cause Notice Received)





Cenvat Credit Proposed to be reversed by Excise Dept. not accepted by Company – Rs. 3,40,420  
(Show Cause Notice Received and Replied by Company)

Legal Case Filed by Company against Debtors with amount still outstanding in books - Rs. 78780

There are no other claims against the Company to be acknowledged as debt.  
Estimated amount of contracts to be executed on Capital Account : Rs. NIL (p.y. Rs Nil)

**17. Break-up of Net Sales Income**

Class of Goods	Unit	2008-2009		2007-2008	
		Quantity	Rupees	Quantity	Rupees
Transformers	Nos	12,80,135	43,75,38,342	23,91,426	66,79,47,221
R-Core	Nos	52,074	1,07,10,323	48,751	1,04,14,778
Plastic Bobbins	Nos.	93,203	11,87,267	86,673	13,59,935
Core and E I Lamination	Kgs	1,61,007	1,74,00,750	2,24,623	1,76,62,029
Sale of Bought out	—		44,21,265		26,32,003
Excise Duty on Sales			3,05,92,165		9,83,19,431
<b>TOTAL</b>			<b>50,18,50,112</b>		<b>79,83,35,397</b>

Note : Deemed Exports Rs.3,58,91,283/- (Previous Year Rs.7,16,63,603/-)

**18. Consumption of Raw-Materials:**

Class of Goods	Units	2008-2009		2007-2008	
		Quantity	Amount	Quantity	Amount
R-Core	Nos.	41,183	31,61,735	21,325	24,65,678
Silicon Steel	Kgs.	7,03,660	14,58,74,363	10,87,887	23,50,54,614
Copper Wire	Kgs.	2,00,108	7,96,30,088	2,64,008	10,03,93,101
Base Plates	Nos.	50,804	9,27,705	22,025	6,85,534
PBT	Kgs.	5,825	8,17,731	7,785	12,23,274
Aluminium	Kgs	1,25,378	1,52,43,956	2,92,576	3,34,43,456
Transformer Oil	Liter	6,37,389	2,72,93,949	10,96,347	3,58,19,513
Plastic Bobbin	Nos.	2,91,785	6,02,888	2,51,404	4,88,313
Others			10,19,00,147		13,32,85,574
<b>Total</b>			<b>37,54,52,562</b>		<b>54,28,59,057</b>



**19. Actual Production:**

Class of Goods	Units	2008-2009	2007-2008
		Quantity	Quantity
Transformers	Nos.	12,26,279	24,42,905
R-Core	Nos.	91,683	74,384
Plastic Bobbins	Nos.	3,59,579	3,23,695
Core & E I Lamination	Kgs	1,59,002	2,18,774

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

Items	Unit	2008-2009		2007-2008	
		Quantity	Amount	Quantity	Amount
<b>Opening Stock</b>					
Transformers	Nos.	1,47,395	76,42,928	95,916	69,76,842
R-Core	Nos.	13,056	19,65,016	8,748	14,53,620
Oil & Grease Feeders	Nos.	861	2,58,905	861	2,58,905
Plastic Bobbins	Nos.	89,113	4,78,150	1,03,495	5,92,237
Core & E I Lamination	Kgs.	18,060	17,05,293	23,909	24,37,798
<b>Total</b>			<b>1,20,50,292</b>		<b>1,17,19,402</b>
<b>Closing Stock</b>					
Transformers	Nos.	93,539	1,22,46,545	1,47,395	76,42,928
R-Core	Nos.	11,482	18,06,922	13,056	19,65,016
Oil & Grease Feeders	Nos.	861	2,58,905	861	2,58,905
Plastic Bobbins	Nos.	63,504	3,54,751	89,113	4,78,150
Core & E I Lamination	Kgs	16,055	25,14,603	18,060	17,05,293
<b>Total</b>			<b>1,71,81,726</b>		<b>1,20,50,292</b>

Stocks Include Excise Duty of Rs. 13,08,139/- (Previous Year Rs. 14,86,032/-)

**21. Licensed Capacity and Installed Capacity :**

Item	Installed Capacity	
	2008-2009	2007-2008
Transformers (Nos.)	65,00,000	65,00,000
Metering CT's (Nos.)	18,00,000	18,00,000
R Cores / Cut Cores(Nos.)	4,80,000	4,80,000
Toroid Cores (Kgs)	2,40,000	2,40,000
E I & Strip Laminations (Kgs)	6,00,000	6,00,000
Bobbins (sets)	9,00,000	9,00,000
Distribution Transformers	2000 MVA	1000 MVA

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



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

Item	2008-2009	2007-2008
Raw Materials	2,20,41,028	4,62,23,298
Silicon Steel	1,67,99,181	1,49,32,542
<b>Total</b>	<b>3,88,40,209</b>	<b>6,11,55,840</b>

**23. Expenditure in Foreign Currency**

Item	2008-2009	2007-2008
Foreign Travel	2,62,090	7,12,710
Machinery Imports and Others	86,852	3,89,666
Interest on External Commercial Borrowings	7,23,973	5,78,644
<b>Total</b>	<b>10,72,915</b>	<b>16,81,020</b>

**24. Consumption of Raw Materials**

Item	2008-2009		2007-2008	
	Amount	Percentage	Amount	Percentage
Imported	3,65,14,445	9.73	5,11,04,528	9.42
Indigenous	33,89,38,117	90.27	49,17,54,529	90.58
<b>Total</b>	<b>37,54,52,562</b>	<b>100.00</b>	<b>54,28,59,057</b>	<b>100.00</b>

**25. Earnings in Foreign Currency**

	2008-2009	2007-2008
Export of Goods on FOB basis Amount realized during the year Rs7,77,56,020/- ( Previous Year Rs.5,36,25,789/-)	7,97,40,019	6,44,75,846

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

	2008-2009	2007-2008
Net Dividend paid in Foreign Currency (stated in Rupees)	9,97,100	4,98,550

**Note :**

*Information contained in Notes 17 to 26 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.*



**27. Earnings Per Share**

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

	Unit	2008-2009	2007-2008
Amount used as numerator Profit after Taxation	Rs.	2,17,103	3,21,22,686
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.	0.06	8.42

Weighted Average Number of Equity Shares  
 $3813400 * 12/12 = 38,13,400$  ( p.y. 38,13,400 )

**28. Derivative Instruments and Unhedged Foreign Currency Exposure :**

Particulars of Derivatives	Purpose
Forward Contract Outstanding on 31 <sup>st</sup> March, 2009 Sell US\$ 400000 (p.y. Nil)	Hedge of Forex US\$ Receivable

Particulars of Unhedged Foreign Currency Exposure	31.03.2009 Rs.	31.03.2008 Rs.
⇒ Sundry Creditors	11,76,438	98,21,126
⇒ Sundry Debtors	1,75,55,737	1,15,35,636
⇒ External Commercial Borrowings	1,49,53,750	1,16,92,917
⇒ Packing Credit in Foreign Currency	Nil	61,61,990

**29. Post Employment Benefits :**

Providend Fund dues amounting to Rs. 855417 aid during the year being defined contributions have been charged to the Profit and Loss Account.

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

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



Change in Present Value of Defined Benefit Obligation	31 <sup>st</sup> March, 2009 (Rs.)
Present Value of Obligations as at the beginning of the Year	21,08,751
Interest Cost	1,68,700
Current Cost	1,48,809
Benefits Paid	(62,665)
Actuarial (gains) / losses on obligation	(3,68,448)
Present Value of Obligations as at the end of the Year	19,95,147
Change in Fair Value of Plan Assets	31 <sup>st</sup> March, 2009 (Rs.)
Fair Value of Plan Assets as at the beginning of the Year	17,75,695
Expected Return on Plan Assets	1,68,274
Contributions	1,48,809
Benefits Paid	(62,665)
Actuarial (gains) / losses on Plan Assets	Nil
Fair Value of Plan Assets as at the end of the Year	20,30,113
Defined Benefit Obligation as recognized in Balance Sheet	31 <sup>st</sup> March, 2009 (Rs.)
Present Value of Obligations as at the Year end	19,95,147
Unrecognised Past Service Cost	Nil
Fair Value of Plan Assets as at the Year end	20,30,113
Net (Asset) / Liability recognized in Balance Sheet	(34,966)
Net Gratuity Benefit Expenditure Recognised in P&L Account	31 <sup>st</sup> March, 2009 (Rs.)
Current Service Cost	1,48,809
Interest Cost	1,68,700
Expected Return on Plan Assets	(1,69,274)
Net Actuarial (Gain) / Loss Recognised in the Year	(35,392)
Net Expense Recognised in Statement of Profit and Loss	1,12,843
Principal Assumptions Used	
Discount Rate	8%
Expected Return on Plan Assets	9%
Salary Escalation Rate	7%
Major Categories of Plan Assets	
Insurer Managed Funds	100%

The Present Value of obligations at the beginning of the year was taken by the insurer without considering the ceiling limit on gratuity benefit of Rs. 350000 per employee. The recalculation of the same as at the year end resulted in substantial actuarial gain. Consequently, the actuarial gain recognized in the Profit



and Loss account is only to the extent by which the same was more than the difference in opening present value of obligations over opening fair value of plan assets, since the opening difference was principally on account of the non-consideration of ceiling.

Gratuity Cost for the year also included Rs. 11974 being amount paid to insurer towards premium of life cover included in the policy.

**30. Segment Reporting**

With respect to Accounting Standard-17 issued by the ICAI, 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. 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, issued by the Institute of Chartered Accountants of India. In respect of the outstanding balance receivable as on 31.3.2009 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.)	
			2009	2008	2009	2008
E-Cube India Solutions Ltd.	Associate	Administration Exps. Recovered ( net )	Nil	Nil	9,26,798	13,26,798
		Sales	1,00,078	44,119	64,356	7,289
		Security Deposit	(2,00,000)	Nil	Nil	2,00,000
Mr. Alay Shah	Key Management Person	Managerial Remuneration	20,19,315	19,16,861		
Mr. Ashesh Shah	- do -	Professional Fees	15,00,000	15,00,000		
Mrs. Shilpa Shah	Relative of Key Management Person	Remuneration (HRD Manager)	4,56,015	4,20,703		
		Perquisite of Electricity	1,13,203	1,58,378		
		Lease rent paid	3,00,000	Nil		
Mrs. Suhas Shah	- do -	Lease Rent Paid	90,000	1,80,000		
		Lease Deposit	Nil	Nil	5,00,000	5,00,000

**32. Deferred Taxes**

In compliance with Accounting Standard – 22 on Taxes on Income issued by the Institute of Chartered Accountants of India, the Company has disclosed deferred tax liabilities and deferred tax assets as under for the year ended 31<sup>st</sup> March, 2009 after charging the net deferred tax liability for the year under report of Rs. 1,40,529 (p.y. Rs. 38,20,331) the profit and loss account.



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

Particulars	31.03.2009 Rs.	31.03.2008 Rs.
⇒ Deferred tax liability on account of difference between accounting and tax depreciation	1,67,12,376	1,58,13,927
⇒ Deferred tax liability on account of Foreign Currency Monetary Item Translation Difference Account	7,61,376	Nil
<b>Total Deferred Tax Liabilities</b>	<b>1,74,73,752</b>	<b>1,58,13,927</b>
⇒ Deferred tax asset on account of Liabilities provided in the books but allowable for tax purpose only when actually paid.	2,45,618	2,66,988
⇒ Deferred tax asset on account of unabsorbed depreciation as per tax laws	15,40,666	Nil
<b>Total Deferred Tax Assets</b>	<b>17,86,284</b>	<b>2,66,988</b>
<b>Net Deferred Tax Liabilities as at 31<sup>st</sup> March</b>	<b>1,56,87,468</b>	<b>1,55,46,939</b>

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

**33. Disclosure as per Accounting Standard 19 on "Leases" issued by the Institute of Chartered Accountants of India :**

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	31.03.2009 Rs. in lacs	31.03.2008 Rs. in lacs
⇒ Lease Payments recognized in the Profit and Loss Account	5,79,102	4,63,440
⇒ In respect of one agreement, refundable interest free deposits have been given		

**34. 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 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.



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

36. 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 & COMPANY**  
**CHARTERED ACCOUNTANTS**

For **SHILCHAR TECHNOLOGIES LIMITED**

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

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

**JITENDRA SHAH**  
**CHAIRMAN**

Place : Vadodara  
Date : 29.04.2009

Place : Vadodara  
Date : 29.04.2009

**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 : 31-03-2009

**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. 34,67,95,032  
TOTAL ASSETS : Rs. 34,67,95,032  
**SOURCES OF FUNDS**  
PAID UP CAPITAL : Rs. 3,81,34,000  
RESERVES AND SURPLUS : Rs. 14,02,50,943  
SECURED LOANS : Rs. 13,59,82,587  
UNSECURED LOANS : Rs. 1,49,53,750  
DEFERRED TAX LIABILITY : Rs. 1,74,73,752  
**APPLICATION OF FUNDS**





NET FIXED ASSETS	:	Rs. 15,72,53,569
INVESTMENTS	:	Rs. 70,07,000
DEFERRED TAX ASSETS	:	Rs. 17,86,284
NET CURRENT ASSETS	:	Rs. 17,85,08,179
MISC. EXPENSES	:	Rs. 22,40,000

**4) PERFORMANCE OF THE COMPANY**

TURNOVER		Rs. 47,12,57,947
TOTAL EXPENDITURE		Rs. 47,06,06,029
PROFIT BEFORE TAX		Rs. 6,51,918
PROFIT AFTER TAX		Rs. 2,17,103
DIVIDEND RATE		5%
EARNINGS PER SHARE (ANNUALISED)		Rs.0.06

**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

**SHILCHAR**



**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 Third Annual Meeting of the Company, to be held on 30th July 2009 and at any adjournment thereof.

As Witness my/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2009

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 Third Annual General Meeting of the Company held at Registered Office of the Company at Bil Road, Bil-391 410, Dist. Baroda on 30th July, 2009.

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.  
Phone : 0265-268 0466, 268 0566 Fax : 0265-268 0611  
email : [info@shilchargroup.com](mailto:info@shilchargroup.com)  
Visit us at [www.shilchargroup.com](http://www.shilchargroup.com)