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SHILCHAR
ELECTRONICS LIMITED

**SHILCHAR
ELECTRONICS LIMITED**
Annual Accounts for 1998-99

BOARD OF DIRECTORS

Mr. J. C. Shah	Chairman
Mr. Ashesh J. Shah	Managing Director
Mr. Alay J. Shah	Managing Director
Mr. O.P. Khanna	
Mr. Mukesh Patel	
Mr. Bhagirath Merchant	
Mr. Kirtikant P.Shah	

BANKERS

Bank of Baroda

AUDITORS

Sharp & Tannan Associates
Chartered Accountants
87, Nariman Bhavan
227, Nariman Point
Mumbai - 400 021

REGISTERED OFFICE

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

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NOTICE :

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of SHILCHAR ELECTRONICS LTD., will be held on Saturday, the 25th September 1999 at 10:30 A.M. at the Registered office of the Company at Bil Road, Bil 391 410, Dist. Baroda to transact the following business :

Ordinary Business :

1. To consider, receive and adopt the Balance Sheet as at 31st March 1999, and the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. J.C.Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. O.P.Khanna who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution with or without modification, as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 224-A of the Companies Act, 1956, M/s. Sharp & Tannan Associates, Chartered Accountants, Mumbai the retiring Auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company at a fee to be determined by the Board of Directors plus Reimbursement of out of pocket expenses."

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

Place : Baroda
Date : May 28, 1999

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

Sd/-
A. J. 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 NO LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of members and Share Transfer Books of the company will remain closed from 15th September 1999 to 24th September 1999 (both days inclusive).
3. Members are requested to intimate quoting their Folio number, the change of their address, alongwith PIN Code Number, if any, and PAN/GIR Number with IT Ward/Range/District immediately to the Company.
4. 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.
5. All requests for transfer of Equity Shares and allied matters alongwith the relevant transfer deeds and shares certificates should preferably be sent direct to the Company.
6. 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.
7. 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 malpractices of theft of Warrants / Orders. Such information may please be sent to the Registered Office of the Company.

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

Place : Baroda
Date : May 28, 1999
Registered Office :
Bil Road,
Bit - 391 410
Dist. Baroda

Sd/-
A. J. SHAH
MANAGING DIRECTOR

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirteenth Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 1999.

FINANCIAL RESULTS

(Rs. in lacs)

Particular	1998-99	1997-98
Profit Before Interest and Depreciation	60.27	44.98
Less :		
a) Interest	32.76	15.59
b) Depreciation	24.89	20.83
Profit before tax	2.62	8.56
Provision for Tax	0.61	0.90
Profit after Tax	2.01	7.66
Add :		
Balance brought forward	95.21	82.20
Excess provision written back	--	5.35
TOTAL	97.22	95.21
APPROPRIATION		
Balance Carried over to next year	97.22	95.21
TOTAL	97.22	95.21

OPERATIONS

During the year under review your company has achieved turnover of Rs.745.74 lacs as against Rs.609.02 lacs in the preceeding year.

Your company have started manufacturing Torodial Transformers for energy meet since June 1998, by installing three machines and booked turnover of Rs. 26.01 lacs.

Commercial operation of the Vending Machine/ Smart Card division had not started in full swing in the year hence interest was partially offset and due to overall recession ,your company could book small profit in the financial year 1998-99.

DIVIDEND

Keeping in view the need to plough back profits, your directors have not declared dividend for the financial year 1998-99.

**FUTURE PROSPECTS**

Your company has started signing franchise agreement in order to increase the existing market share of the company. Vending machine/ Smart Card division will take off in the current year and will contribute to increase in the profit of the company. Various banks have shown their keen interest in Smart Card and company is hopeful to finalise the arrangement with them.

Your company has invested in the shares of Shilcher Payton Technologies Ltd, 100% Export Oriented unit, whose turnover in the year 1998-99 was to the tune of Rs. 125 lacs and expected to be double in the current financial year.

DIRECTORS

Mr. J.C.Shah and Mr. O.P.Khanna retire by rotation, and being eligible, offer themselves for re-appointment.

Mr V.C.Shah has resigned as director of the company. The company places on record its gratitude for the valued guidance and support given by him during his tenure of directorship.

AUDITORS

The Auditors, M/s. Sharp & Tannan Associates Chartered Accountants, 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. Sharp Tannan Associates to the effect that their re-appointment, if made, will within the limit prescribed under Section (1B) of Section 224.

AUDITORS REPORT

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

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 annexed hereto and form part of this Report.

HUMAN RESOURCES

Your Company continued its thrust towards implementation of Total Quality Management. The Board records its appreciation of commitment and support of employees at all levels. Industrial relations remained extremely cordial and the management acknowledges the contribution of employees towards the growth of the organisation. This is in keeping with the Management's policy of establishing a stable and committed team of skilled personnel for various expansion and diversification activities of your Company.

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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.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the whole hearted co-operation and support extended by its Shareholders, Investors, Bankers, Customers, Business Associates and others.

For and on behalf of the Board

Sd/-
A. J. SHAH
MANAGING DIRECTOR

Place : Baroda
Date : May 28, 1999

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ANNEXURE TO DIRECTORS' REPORT

Information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

FORM - A

A. POWER AND FUEL CONSUMPTION

SR	Particular	1998-99	1997-98
1	Electricity		
	a) Units Purchased	320328	329576
	Units	14,72,968	12,99,792
	Total Amount Rs.	4.60	3.94
	Rate / Unit Rs.		
	b) Own Generation		
	i) Through Diesel Generator		
	Units	585	Nil
	Units generated per Ltr. of Diesel Oil	0.31	Nil
	Cost of Unit	3.42	Nil
	ii) Through Steam Turbine/Generator	Nil	Nil
	Units	Nil	Nil
	Units per Ltr. of Diesel/Oil/Gas	Nil	Nil
	Cost / Unit	Nil	Nil
2	Coal	Nil	Nil
	Quantity (Tonnes)	Nil	Nil
	Total Cost	Nil	Nil
	Average Rate	Nil	Nil
3	Furnace Oil	Nil	Nil
	Quantity (Tonnes)	Nil	Nil
	Total Amount	Nil	Nil
	Average Rate	Nil	Nil
4	Other/Internal Generation	Nil	Nil
	Quantity		
	Total Cost		
	Rate/Unit		

B. CONSUMPTION PER UNIT OF PRODUCTION

It is not feasible to maintain product category-wise energy consumption data, since there is a large variety of products with different energy intensities.

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FORM - B
RESEARCH & DEVELOPMENT :

Company has set-up full fledged research facilities. It has already purchased various sophisticated R&D equipments.

The Company is intensifying the research efforts in the area of new development to gain competitive advantages in the post GATT era.

EXPENDITURE ON R & D :

Particular	1998-99	1997-98
R & D Expenditure as % of total turnover	0.24	0.63

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

The Company has set-up ultra modern state of the art manufacturing facilities to produce sophisticated R-Core Transformers, EI Laminations and Winding Machines with latest Automatic Machines and equipments. It is company's policy to make all out efforts to adopt latest product technology thereby improving production efficiency and reducing costs.

C. FOREIGN EXCHANGE EARNING AND OUTGOING :

SR.	PARTICULARS	1998-99	1997-98
ii)	Earnings		
	a) Earnings from Export during the year	21.39	63.22
	b) Other Income (Technical know-how fees)	—	—
iii)	Outgo		
	a) CIF Value of imports	9.57	87.92
	b) Expenditure in Foreign currency	0.54	5.72
	c) Travelling	2.87	1.07

For and on behalf of the Board

Sd/-

A. J. SHAH

MANAGING DIRECTOR

Place : Baroda

Date : May 28, 1999