



**ANNUAL REPORT 1999-2000**



**SHILCHAR  
ELECTRONICS LIMITED**

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**BOARD OF DIRECTORS**

Mr. J.C. Shah	Chairman
Mr. Ashesh J. Shah	Managing Director
Mr. Alay J. Shah	Jt. 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. Vadodara, (India)

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# SHILCHAR ELECTRONICS LIMITED

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## NOTICE

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of SHILCHAR ELECTRONICS LTD., will be held on Saturday, the 23<sup>rd</sup> September 2000 at 10:30 A.M. at the Registered office of the Company at Bil Road, Bil - 391 410, Dist. Vadodara to transact the following business:

### Ordinary Business:

1. To consider, receive and adopt the Balance Sheet as at 31st March 2000, 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. A. J. Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Kirtikant. P. Shah 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:

"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."

### Special Business:

5. Re-appointment of Mr. Ashesh J Shah as the Managing Director of the company.  
To consider and if thought fit, to ~~pass the following resolution~~ with or without modification, as a ORDINARY RESOLUTION:

"Resolved that pursuant to sections 198,269,309,310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, the company hereby approves the re-appointment and payment of remuneration, perquisites and benefits to Mr. Ashesh J Shah, Managing Director for a period of five years with effect from 01.04.2000 to 31.03.2005 as set out in the explanatory statement and the draft agreement to be entered into by the company of the one part and Mr. Ashesh J Shah on the other part, with the authority of the Board to alter or vary the said remuneration and/or perquisites and/or benefits as it may deem fit and as acceptable to Mr. Ashesh J Shah, Managing Director within the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment made thereafter in this regard."

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"Resolved further that wherein any financial year during his term of office the company makes no profits or inadequate profits, the Company may him remuneration by way of salary and perquisites not exceeding the limits laid down in Sections II and Part II of the Schedule XIII of the Companies Act, 1956 or any statutory modifications, substitutions or any re-enactment thereof, as may be agreed to by the Board of Directors and Mr. Ashesh J Shah."

" Resolved further that the Board of Directors of the company be and are hereby authorized severally to do all such acts, deeds, things and writings as may be deemed fit and expedient to give effect to the foregoing resolution."

By order of the Board of Directors  
For SHILCHAR ELECTRONICS LIMITED

Sd/-  
A.J. SHAH  
MANAGING DIRECTOR

Place: Vadodara  
Date: May 30, 2000

Registered Office:  
Road,  
- 391 410  
st. Vadodara

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**NOTES:**

1. The relative explanatory statement pursuant to section 17(2) of the Companies Act, 1956 in respect of the business under Item Number 5 in the notice is annexed hereto.
2. 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.
3. The Register of members and Share Transfer Books of the company will remain closed from 14th September 2000 to 22<sup>nd</sup> September 2000 (both days inclusive).
4. 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.
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 alongwith 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 malpractice or 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

Sd/-  
A.J. SHAH  
MANAGING DIRECTOR

Place: Vadodara  
Date: May 30, 2000  
Registered Office:  
Bil Road,  
Bil - 391 410  
Dist. Vadodara

**Annexure to the notice****Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956.**

The Company is presently being managed by Mr. Ashesh J Shah, Managing Director subject to the superintendence, control and direction of the Board of Directors. His tenure of appointment as Managing Director ended on 31<sup>st</sup> March 2000.

It is now proposed to re-appoint Mr. Ashesh J Shah as the Managing Director of the company for a further period of five years with effect from 1<sup>st</sup> April 2000 to 31<sup>st</sup> March 2005.

The terms of remuneration per month to be paid to Mr. Ashesh J Shah, Managing Director is as follows:

Salary – Rs. 25000

Other Allowances – Rs. 5000

House Rent Allowance – Rs. 7500

Medical reimbursements – Expenses incurred for the appointees and their families subject to a ceiling of one month's salary in a year.

In addition to the above, the Managing Director shall also be entitled to the perquisites like, House Maintenance Allowance, together with utilities therefor such as Gas, Electricity, Water, Furnishings, Repairs, servants salaries, Society charges and Property Taxes, Medical and Accident Insurance, Leave Travel Concession for himself and his family, club fees etc., in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mr. Ashesh J Shah and such perquisites be paid at actuals incurred.

Provision for use of the Company's Car for Official and Personal uses and Telephone at residence (including payment for Local and Long Distance calls) shall not be included in the computation of perquisites mentioned above.

Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in limits for the remuneration or perquisites aforesaid.

In addition to the above mentioned perquisites, the appointee will also be eligible for perquisites as laid down in Section II Part II of Schedule XIII of the Companies Act, 1956 and the same shall not be included in the computation of the ceiling for the remuneration or perquisites aforesaid.

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**Minimum Remuneration:**

Wherein any Financial Year, during the currency of tenure of Mr. Ashesh J Shah, Managing Director, if the company has no profits or its profits are inadequate, they may be paid remuneration by way of salary, allowances and perquisites within the limits prescribed under Schedule XIII of the Companies Act 1956.

Keeping in view of the frequently changing environment, power is also being taken in terms of this resolution for the Board to effect any variations, alterations or modifications in future in respect of the appointment and remuneration of Mr. Ashesh J Shah, Managing Director within the limits specified in Schedule XIII of the Companies Act, 1956 or any statutory modifications, substitutions, or re-enactment there-of, as may be agreed to by the Board of Directors and Mr. Ashesh J Shah.

None of the Directors except, Mr. J. C Shah, Chairman and Mr. Alay J Shah, being the relatives of Mr. Ashesh J Shah, are deemed to be concerned and interested in the said resolution.

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**SHILCHAR  
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Your Directors have pleasure in presenting the Fourteenth Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 2000.

**FINANCIAL RESULTS**

PARTICULARS	(Rs. in lacs)	
	1999-2000	1998-1999
Profit Before Interest and Depreciation	65.51	60.27
Less :		
a) Interest	35.41	32.76
b) Depreciation	26.94	24.89
Profit before tax	3.16	2.62
Provision for Tax	1.85	0.61
Profit after Tax	1.31	2.01
Add :		
Balance brought forward	97.22	95.21
Excess provision written back	2.93	---
<b>TOTAL</b>	<b>101.46</b>	<b>97.22</b>
<b>APPROPRIATION</b>		
Balance Carried over to next year	101.46	97.22
<b>TOTAL</b>	<b>101.46</b>	<b>97.22</b>

**OPERATIONS**

During the year under review your company has achieved turnover of Rs.803.50 lacs as against Rs.745.74 lacs in the preceding year.

Commercial operations of the Vending Machine & Smart Card division had started in full swing this year and CAD specialists are working on the designs. Your company has successfully manufactured Point of Sale Card Readers. It is in the process of further re-designing the readers to suit custom requirements and also manufacture Coin - Mechanisms for Vending Machines.

**DIVIDEND**

Keeping in view the need to plough back profits, your directors have not declared dividend for the financial year 1999-2000.



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**FUTURE PROSPECTS**

During the year under operation, your Company had licensed Smart Card operations to M/s. Prime Co-operative Bank Limited, Surat and also supplied vending machines to various large corporate houses. The divisional turnover has been nearly RS 100 Lacs. The future prospects look bright in the light of the concept picking up.

Your company's Transformers and Cores divisions are performing well and are in the process of developing newer products. The future looks bright with higher market potential for newer products.

Your company has invested in the shares of Shilchar Payton Technologies Ltd., 100% Export Oriented unit, whose turnover in the year 1999-2000 was to the tune of Rs.275 lacs and expected to multiple in the current financial year.

**DIRECTORS**

Mr. A.J. Shah and Mr. Kirtikant P. Shah retire by rotation, and being eligible, offer themselves for re-appointment.

**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 be 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.

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**HUMAN RESOURCES**

Our 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.

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**

Our Directors wish to place on record their sincere appreciation for the wholehearted 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 : Vadodara

Date : May 30, 2000.

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