



ANNUAL REPORT 2001-2002



**SHILCHAR
ELECTRONICS LIMITED**

**BOARD OF DIRECTORS**

Mr. J.C. Shah Chairman & Managing Director
 Mr. Ashesh J. Shah
 Mr. Alay J. Shah
 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)

TABLE OF CONTENTS	PAGE
NOTICE	1
DIRECTOR'S REPORT	3
AUDITOR'S REPORT	8
BALANCE SHEET	12
PROFIT & LOSS ACCOUNTS	13
SCHEDULES TO ACCOUNTS	14
CASH FLOW STATEMENT	31
PROXY - FORM	32

**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of SHILCHAR ELECTRONICS LTD., will be held on Monday, the 02nd September 2002 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 2002, 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 appoint Auditors and to fix their remuneration and for this purpose, to consider and if thought fit, to pass the following resolution with or without modification(s), as a Special Resolution :

"RESOLVED THAT pursuant to Section 224-A of the Companies Act, 1956, M/s. Naresh & Co., Chartered Accountants, Baroda be and is hereby appointed as Auditors of the Company in place of M/s. Sharp & Tannan Associates, Chartered Accountant, Mumbai to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting, at a remuneration to be decided by the Board of Directors. "

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

Place: Vadodara
Date : 20th May, 2002

Sd/-
J.C. SHAH
CHAIRMAN & MD

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

**SHILCHAR
ELECTRONICS LIMITED**
ANNUAL REPORT 2001-2002

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 Register of members and Share Transfer Books of the company will remain closed from 26th August, 2002 to 31st August 2002 (both days inclusive).
3. 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.
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 along with 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 mal-practices of theft of Warrants / Orders. Such information may please be sent to the Registered Office of the Company.
8. Company have initiated the procedures for Dematerialization of Equity Shares with National Securities Depository Ltd and Central Depository Services (India) Limited and appointed M/s. MCS Limited, Neelam Apartment, 88, Sampatrao Colony, B/H Federation Bldg. Alkapuri, Baroda 390 007 as Registrars & Transfer Agent.

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

Place : Vadodara
Date : 20th May, 2002

Sd/-
J.C. SHAH
CHAIRMAN & M.D.

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

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Sixteenth Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 2002.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	2001-2002	2000-2001
Profit Before Interest and Depreciation	50.77	66.46
Less :		
a) Interest	7.15	21.68
b) Depreciation	33.77	33.70
Profit / Loss before tax	9.85	11.08
Provision for Tax - Current	0.75	7.20
- Deferred	7.85	
Profit after Tax	1.25	3.88
Add :		
Balance brought forward	105.55	101.45
Excess provision written back	0.21	0.22
TOTAL	107.02	105.55
APPROPRIATION		
Balance Carried over to next year	107.02	105.55
TOTAL	107.02	105.55

OPERATIONS

During the year under review your Company has achieved turnover of Rs.730.72 lacs as against Rs.876.76 lacs in the preceding year.

The year saw the Bearing Division of your Company being wound up to concentrate on core business of Company. Your Company has decided to wind up in a phase manner the Lubelite and Winding Machine Divisions.

**DIVIDEND**

Keeping in view the need to plough back profits, your directors have not declared dividend for the financial year 2001-2002.

FUTURE PROSPECTS

As aforesaid, your Company aims to concentrate more and more on its main line of business as further step towards its restructuring exercise, your Company has started Building expansion of Core Division and Machineries are already ordered.

Your Company has initiated action to introduce new product viz. Strip Laminations at Core Division. Also higher rating (VA) Power and Distribution Transformers will be manufactured during the current financial year at Transformer Division. This will boost the sales performance of the Company and will result into higher market share.

To widen the horizon of operations, your Company has started concentrating more and more on export which is yielding the result in adverse market situation in India. The revival of economy in western countries will result in increasing export for which many steps are underway.

DIRECTORS

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

AUDITORS

With the retirement of Auditors M/s. Sharp & Tannan Associates, Chartered Accountants at the conclusion of the forthcoming Annual General Meeting, Board of Directors proposes to appoint M/s. Naresh & Co., Chartered Accountants, Baroda as a Statutory Auditors of the Company to ensure better co-ordination between Annual Accounts and Tax Audit Reports. M/s. Naresh & Co., Chartered Accountants, Baroda have express their willingness to be appointed as Auditors of the Company for the Financial Year 2002-2003.

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 activities during the year in a cordial atmosphere with utmost co-operation amongst the employees and the Management. The Board places on record its appreciation of the efforts of the employees at all levels. The restructuring process has been well accepted by one and all who are associated with the your Company and the Board hopes that this would bear fruits in the near future.

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.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors hereby confirm :-

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) that 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) that 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) that the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your 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

Place : Vadodara
Date : 20th May, 2002

Sd/-
J.C. SHAH
CHAIRMAN & M.D.

**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 and forming part of the Directors' Report for the year ended 31st March, 2002.

FORM - A**A. POWER AND FUEL CONSUMPTION**

SR	Particular	2001-2002	2000-2001
1	Electricity		
	a) Units Purchased	280283	369753
	Units	14,95,102	15,16,983
	Total Amount Rs.	5.00	4.10
	Rate / Unit Rs.		
	b) Own Generation		
	i) Through Diesel Generator	11858	17496
	Units	3.39	4
	Units generated per Ltr. of Diesel Oil	5.73	7.23
	Cost of Unit		
	ii) Through Steam Turbine/Generator		
	Units	Nil	Nil
	Units per Ltr. of Diesel/Oil/Gas	Nil	Nil
	Cost / Unit	Nil	Nil
2	Coal		
	Quantity (Tonnes)	Nil	Nil
	Total Cost	Nil	Nil
	Average Rate	Nil	Nil
3	Furnace Oil		
	Quantity (Tonnes)	Nil	Nil
	Total Amount	Nil	Nil
	Average Rate	Nil	Nil
4	Other/Internal Generation		
	Quantity	Nil	Nil
	Total Cost	Nil	Nil
	Rate/Unit	Nil	Nil

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.

**SHILCHAR
ELECTRONICS LIMITED**

ANNUAL REPORT 2001-2002

**FORM - B****RESEARCH & DEVELOPMENT :**

While deciding to concentrate on its core activities, your Company continues its efforts to establish state of the art facilities for research. Besides to ensure that the products meet the international quality standards, your company continues to invest in setting up optimum testing facilities at various stages of the production process.

EXPENDITURE ON R & D :

Particular	2001-2002	2000-2001
R & D Expenditure as % of total turnover	0.39	0.30

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

Having hived off the Vending Machine Division and Smart Division into a separate company, your company has intensified its efforts to upgrade its manufacturing facilities Cores, R-Core Transformers, EI Laminations & Winding Machines. Adoption of latest product technology to achieve better production efficiency and thereby reducing costs continues to be your Company's topmost priorities.

C. FOREIGN EXCHANGE EARNING AND OUTGOING :

SR.	PARTICULARS	2001-2002	2000-2001
I)	Earnings		
	a) Earning from Export during the year	41.16	43.26
	b) Other Income (Technical Know-how fees)		
II)	Outgo		
	a) CIF Value of imports	141.62	58.05
	b) Expenditure in Foreign Currency	4.66	0.49
	c) Travelling	Nil	2.20

For and on behalf of the Board

Place : Vadodara
Date : 20th May, 2002

Sd/-
J.C. SHAH
CHAIRMAN & MD



AUDITORS' REPORT

We have audited the attached Balance Sheet of **SHILCHAR ELECTRONICS LIMITED**, as at 31st March, 2002 and also the annexed Profit & Loss Account of the Company, 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.

We report to the Members that:

- 1) 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.
- 2) In our opinion, proper Books of Account, as required by law, have been kept by the Company, so far as appears from our examination of the Books.
- 3) The Balance Sheet and Profit & Loss Account, dealt with by this report, are in agreement with the Books of Accounts.
- 4) ***The Balance Sheet and Profit & Loss Account are in compliance with the Accounting Standards as specified under section 211 (3) (c) of the Companies Act, 1956, except with reference to Accounting Standard - 2 and Accounting Standard - 15 issued by the Institute of Chartered Accountants of India, disclosed in Note 6 in Schedule 'Q'.***
- 5) ***We report that provision has not been made for the entire outstanding balance of an Advance of Rs. 40.09 Lacs made to a party over 3 years ago. The Company has only provided for a sum of Rs. 30.09 Lacs upto the year under report. Should the Company have provided for the entire value of this outstanding Advance, the reported profit would have been lower by Rs. 10 Lacs and the balance carried forward in the Reserves & Surplus account would have been lower by a similar amount.***
6. On the basis of written statement received from the Directors of the Company as at 31st. March 2002 and taken on record, we report that no Directors of the Company are disqualified from being appointed as a Director of the Company under section 274 (1)(G) of the Companies (Amendment) Act 2000 .