



**ANNUAL REPORT 2002-2003**

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**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**

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 Seventeenth Annual General Meeting of SHILCHAR ELECTRONICS LTD., will be held on Monday, the 01<sup>st</sup> September 2003 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 2003, 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. Kirtikant P Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. A J Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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

**Place: Vadodara  
Date : 19<sup>th</sup> May, 2003**

**Sd/-  
J.C. SHAH  
CHAIRMAN & MD**

**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 INORDER 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 25th August, 2003 to 30<sup>th</sup> August 2003 (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.

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

**Place : Vadodara**  
**Date : 19<sup>th</sup> May, 2003**

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

**SHILCHAR  
ELECTRONICS LIMITED**
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**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Seventeenth Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 2003.

**FINANCIAL RESULTS**

(Rs. in lacs)

| Particulars                                     | 2002-2003     | 2001-2002     |
|---|---------------|---------------|
| Profit Before Interest and Depreciation         | 48.68         | 50.77         |
| Less :  |               |               |
| a) Interest                                     | 10.02         | 7.15          |
| b) Depreciation                                 | 30.26         | 33.77         |
| Profit / Loss before tax & extra ordinary items | 8.40          | 9.85          |
| Interest on I.T.Refunds                         | 7.58          | 0.00          |
| Excess Provision written back                   | 0.51          | 0.21          |
| Prior year's I T Adjustments                    | 8.49          | 0.00          |
| Profit Before Taxation                          | 24.97         | 10.06         |
| Provision for Tax - Current                     | 5.50          | 0.75          |
| - Deferred                                      | 7.25          | 7.85          |
| Profit after Tax                                | 12.22         | 1.47          |
| Add :   |               |               |
| Balance brought forward                         | 107.02        | 105.55        |
|   | <b>119.24</b> | <b>107.02</b> |
| <b>TOTAL</b>                                    |               |               |
| <b>APPROPRIATION</b>                            |               |               |
| Balance Carried over to next year               | 119.24        | 107.02        |
| <b>TOTAL</b>                                    | <b>119.24</b> | <b>107.02</b> |

**OPERATIONS**

During the year under review your Company has achieved turnover of Rs.776.04 lacs as against Rs.709.87 lacs in the preceding year.



**DIVIDEND**

Keeping in view the expansion, your directors have not declared dividend for the financial year 2002-2003.

**FUTURE PROSPECTS**

Your Company aims to concentrate more and more on its main line of business of Transformers and Core manufacturing. Your Company has completed Building expansion of Core Division and further new Machineries were installed. Your company has also upgraded facility in the Transformer manufacturing to meet increasing demand of E-I Transformers.

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 separate Division namely Distribution and Power Transformer. This will boost the sales performance of the Company and will result into higher market share. During the year under review your Company has participated in Tenders of State Electricity Board, outcome is still awaited.

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. During the year under review your company has awarded "Certificate of Compliance" issued by CSA International., Canada for International quality standards.

**DIRECTORS**

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

**AUDITORS**

The Auditors, M/s.Naresh and Company., 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.Naresh and Company 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

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 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 : 19<sup>th</sup> May, 2003

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 31<sup>st</sup> March, 2003.

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

| SR | Particular                             | 2002-2003 | 2001-2002 |
|----|--|-----------|-----------|
| 1  | <b>Electricity</b>                     |           |           |
|    | a) Units Purchased                     |           |           |
|    | Units                                  | 311525    | 280283    |
|    | Total Amount Rs.                       | 14,85,027 | 14,95,102 |
|    | Rate / Unit Rs.                        | 4.77      | 5.33      |
|    | b) Own Generation                      |           |           |
|    | i) Through Diesel Generator            |           |           |
|    | Units                                  | 9632      | 11858     |
|    | Units generated per Ltr. of Diesel Oil | 3.47      | 3.39      |
|    | Cost of Unit                           | 6.90      | 5.73      |
|    | ii) Through Steam Turbine/Generator    |           |           |
|    | Units                                  | NII       | NII       |
|    | Units per Ltr. of Diesel/Oil/Gas       | NII       | NII       |
|    | Cost / Unit                            | NII       | NII       |
| 2  | <b>Coal</b>                            |           |           |
|    | Quantity (Tonnes)                      | NII       | NII       |
|    | Total Cost                             | NII       | NII       |
|    | Average Rate                           | NII       | NII       |
| 3  | <b>Furnace Oil</b>                     |           |           |
|    | Quantity (Tonnes)                      | NII       | NII       |
|    | Total Amount                           | NII       | NII       |
|    | Average Rate                           | NII       | NII       |
| 4  | <b>Other/Internal Generation</b>       |           |           |
|    | Quantity                               | NII       | NII       |
|    | Total Cost                             | NII       | NII       |
|    | Rate/Unit                              | NII       | NII       |

**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**

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.

|  |      |      |
|--|------|------|
| R & D Expenditure as % of total turnover | 0.15 | 0.39 |
|--|------|------|

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.

| Sr  | Particulars                               | 2002-2003 | 2001-2002 |
|-----|---|-----------|-----------|
| ii) | <b>Earnings</b>                           |           |           |
|     | a) Earnings from Export during the year   | 71.96     | 41.16     |
|     | b) Other Income (Technical know-how fees) |           |           |
| ii) | <b>Outgo</b>                              |           |           |
|     | a) CIF Value of imports                   | 186.74    | 141.62    |
|     | b) Expenditure in Foreign currency        | 2.87      | 4.65      |
|     | c) Travelling                             | 0.90      | Nil       |

For and on behalf of the Board

Place : Vadodara  
Date : 19<sup>th</sup> May, 2003

Sd/-  
J.C. SHAH  
CHAIRMAN & MD



## Directors' Report

**ANNEXURE B****CORPORATE GOVERNANCE****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. 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.****(a) Composition**

As of the year ended 31<sup>st</sup> March, 2003, the Board of Directors had 7 members comprising of 3 Executive Directors and 4 Non-Executive Directors. All the Non-Executive Directors were Independent Directors. The Chairman of the Board is Executive Independent Director.

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

Five Board Meetings were held during the financial year from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003. 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. J C Shah           | CMD                      | 5                        | 100  |
| Mr. Ashesh Shah        | ED                       | 5                        | 100  |
| Mr. Alay J Shah        | ED                       | 5                        | 100  |
| Mr. Mukesh Patel       | NED                      | 3                        | 60   |
| Mr. Bhagirath Merchant | NED                      | 1                        | 20   |
| Mr. O. P. Khanna       | NED                      | 2                        | 40   |
| Mr. Kirtikant P. Shah  | NED                      | 1                        | 20   |

NED – Non-Executive Director

CMD – Managing Director

ED – Executive Director

ND – Nominee Director

All the above Directors were the Directors of the Company on 02<sup>nd</sup> September, 2002 and attended the Annual General Meeting held on the said date.