



ANNUAL REPORT 2009-2010



SHILCHAR
TECHNOLOGIES LIMITED

Corporate Information

BOARD OF DIRECTORS

Mr. Jitendra C. Shah
Mr. Alay J. Shah
Mr. Ashesh J. Shah
Mr. O. P. Khanna
Mr. Mukesh D. Patel
Mr. Kirtikant P. Shah
Mr. Rajesh Varma

Chairman
Managing Director

BANKERS

Bank of Baroda
Standard Chartered Bank

AUDITORS

Naresh & Company
Chartered Accountants
2nd 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 Fourth 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 Wednesday, the 28th day of July, 2010 at 3.00 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 31st March, 2010 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 31st March, 2010.
3. To appoint a Director in place of Mr. Mukesh D. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jitendra C. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint the Auditors of the company having their firm's Registration Number 106928W to hold office from conclusion this meeting until the conclusion of the next annual general meeting 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 an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act' including any modification (s) or re-enactments (s) thereof for the time being in force), the Company hereby accords its consent and approval to the re-appointment and payment of remuneration to Mr. Alay J. Shah as Managing Director of the Company, to act as such for a further period of five years from the date of expiry of his present term i.e from 1st October, 2010 to 30.09.2015 with substantial powers of management as of a Managing Director as defined under section 2(26) of the said Act, but subject to the superintendence, direction and control of the Board of Directors, upon the remuneration (including the remuneration to be paid in the event of inadequacy of profits in any financial year) and terms and conditions as set out herein below and also in the draft agreement to be entered into between the Company and Mr. Alay J. Shah, a copy whereof initialed by the Director for the purpose of identification has been placed before this meeting, which agreement is hereby specifically approved with the power to the Board of Directors (which term shall be deemed to include Remuneration Committee for the time being and from time to time) to vary, alter, modify or determine the terms and conditions of the aforesaid appointment and remuneration payable from time to time as they deem fit and as may be agreed to by Mr. Alay J. Shah.

1. **Period of Appointment:**

From 1st October, 2010 to 30th September, 2015.

2. **Remuneration:**

- By way of Salary, not exceeding Rs. 2,00,000/- p.m. with annual increment at such rate as may be approved by the Board of Directors.



- In addition to the salary, Mr. Alay J. Shah shall also be entitled to perquisites and allowances including conveyance allowance, entertainment allowance, special allowance, annual bonus/ex-gratia, leave travel assistance for self and family, education assistance, medical reimbursement, club fees, personal accident insurance, use of Company car with driver for official purposes, telephone at residence, contribution to provident fund, superannuation fund, payment of gratuity, leave encashment at the end of the tenure and any other allowance and reimbursement as may be agreed upon between the Managing Director and the Company from time to time. Provided that the said perquisites and allowances shall be valued as per the Income Tax rules / norms, wherever applicable. In the absence of any such rules, the perquisites and allowances shall be evaluated at actual cost.
- In addition to salary, perquisites and allowances payable, Mr. Alay J. Shah, Managing Director shall also be entitled to annually receive Commission, as may be decided by the Board of Directors at the end of each financial year, calculated with reference to the net profits of the Company.

3. Overall Remuneration:

Provided further that the aggregate amount of remuneration covering salary, allowances, perquisites and commission payable to the said Managing Director and in aggregate to all such Directors should not exceed the prescribed percentage of the Net profit of the Company in each year as provided under Sections 198 and 309 of the Act read with schedule XIII of the Companies Act, 1956.

4. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of tenure of Mr. Alay J. Shah, if the Company has no profits or its profits are inadequate, the Company will pay the minimum remuneration by way of salary, perquisites and allowances, as specified above, which shall be governed by the limits prescribed under Schedule XIII [Section II.—Part II (B)] of the Companies Act, 1956 and any amendments thereto.

5. Entrusted Duties:

Subject to the supervision and control of the Board of Directors of the Company, the Managing Director shall look after the day to day affairs and overall operations of the Company and shall carry out such other duties as may be entrusted to him by the Board of Directors from time to time.

6. Confidentiality:

Mr. Alay J. Shah will perform his duties truly and comply with the directives given to him from time to time by the Board, and further not disclose to any person, firm or Company any confidential information.

7. Not Liable to Retire by Rotation:

During his tenure as Managing Director of the Company, the office of Mr. Alay J. Shah shall not be reckoned for the purpose of arriving Directors liable to retire by rotation.

8. Sitting Fees:

As long as Mr. Alay J. Shah functions as Managing Director, he will not be paid any sitting fees for attending the meetings of the Board of Directors or any committee(s) thereof.

9. Re-imbursement of Expenses, Costs etc.:

Mr. Alay J. Shah shall be entitled to be paid / reimbursed all costs, charges and expenses as may be incurred by him for the purpose of or on behalf of the Company.

10. Termination:

Either party shall have liberty to terminate the aforesaid appointment, by giving six months notice in writing to the other.

11. Arbitration:

Disputes to be settled by arbitration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the holding and continuing to hold an office or place of profit under the Company by Ms. Shilpa Alay Shah, relative of Mr. Alay Shah, Mr. Jitendra C. Shah and Mr. Ashesh J. Shah, Directors, who is appointed by the Board as Vice President (Administration) on a remuneration not exceeding Rs. 1.50 lacs per month with effect from 1st April, 2010.

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

Place: Bil, Dist. Vadodara
Date: 28.04.2010

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, 26.07.2010 to Wednesday, 28.07.2010 (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 malpractices 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, 2007-08 and 2008-09 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. Alay J. Shah was lastly re-appointed as Managing Director for a period of three years with effect from 1st October, 2007. The members of the Company had approved the said reappointment and terms of remuneration payable to Mr. Alay J. Shah in their Annual General Meeting held on 22.9.2007. The present tenure of Mr. Alay J. Shah, Managing Director will expire on 30th September, 2010. In view of his excellent leadership and contribution to the growth and performance of the Company, the Remuneration Committee and the Board of Directors at their respective Meetings held on 28th April, 2010 approved the re-appointment of Mr. Alay J. Shah, Managing Director for a further period of 5 years from 1st October, 2010 on remunerations, terms and conditions contained in the draft agreement placed before this meeting.

Shri Alay J. Shah is the son of Mr. Jitendra Shah, the Chairman and founder Director of the Company. He has been associated with the Company as one of the Promoter Directors since its incorporation. He is a bachelor of science with specialization in electronics and possesses more than 18 years of experience in the various areas of business including production, finance, marketing and administration. He has been holding Directorship in E Cube India Solutions Ltd., a group company. Besides, he holds membership in Share Transfer Committee of the Company and attends meetings of the Audit Committee as Invitee.

Mr. Alay J. Shah has been shouldering the responsibility of Managing Director since 1991. During his tenure, the Company has, year after year, achieved sizeable turnover, profitability and also dividend payout since 2005-06. In addition to look after and monitor day to day affairs, he was instrumental and played a pivoted role in timely execution of expansion programme completed in the year 2006-07. The year 2008-09 was unfortunate year in the corporate history but with his untiring efforts and business acumen he once again put the Company on the path of growth and produced substantial improvement in the turnover in the current year. He currently oversees manufacturing activities, projects, international sales, materials management and corporate finance of the Company.

The varied experience, leadership qualities and excellent managerial capability will continue to contribute to the growth of the Company.

Mr. Alay J. Shah holds 10,85,095 equity shares of the Company. Except for E-cube India Solutions Limited, he is not a director or Committee member of any other company.

The particulars set above may be treated as an abstract of the terms of appointment of Mr. Alay J. Shah as Managing Director of the Company as required to be given under the provisions of section 302(2) of the Companies Act, 1956.



The copy of the draft Agreement as referred to in the resolution will be available for inspection by the members at the Registered Office of the Company on all working days between 10.00 a.m. to 1.00 p.m. except Saturdays and holidays.

Mr. Alay J. Shah himself and Mr. Jitendra Shah, Chairman and Mr. Ashesh Shah, Director who are relatives of Mr. Alay J. Shah are only deemed to be considered as interested directors.

The Board of Directors feels that aforesaid re-appointment of Mr. Alay J. Shah as Managing Director is in the interest of the Company and therefore, recommends the resolution set out at item no. 6 of this notice.

Item No. 7

Ms. Shilpaben Alay Shah, aged 44 years is a Bachelor of Engineering (Metallurgy) from M S University of Vadodara. She was appointed as Manager-Administration in the Company w.e.f 01.04.2002 and with her knowledge, experience and zeal, contributed significantly in the area of business administration and other day to day operations. Considering her involvement and responsibilities being shouldered by her, the Board of Directors has thought fit to elevate her designation to Vice-President (Administration) with upward revision in her remuneration.

Mr. Alay Shah, Mr. Jitendra C. Shah and Mr. Ashesh J. Shah, Directors of the Company are relatives of Ms. Shilpa Alay Shah and hence, she is deemed to hold an office or place of profit under Section 314 of the Companies Act, 1956. Therefore, approval of the members by way of Special Resolution is required.

Mr. Alay Shah, Mr. Jitendra C. Shah and Mr. Ashesh J. Shah, Directors being relatives are deemed to be concerned or interested in the said resolution. None of the other directors is in any way concerned or interested in the resolution.

The Directors recommends the passing of the special resolution proposed at item no. 7 of the accompanying Notice.

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

Place: Bil, Dist. Vadodara
Date: 28.04.2010

ALAY SHAH
MANAGING DIRECTOR

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

Name of Director	Shri Mukesh D. Patel		Shri Jitendra C. Shah
Date of Birth	12.12.1949		16.09.1937
Date of Appointment	01.01.1995		30.07.2003
Expertise in Specific	Industrialist		Industrialist
Functional Area			
Qualifications	B.S. (Chemical Engineering)		M.A. (Economics)
Directors in other public limited companies	Transpek Finance Limited Transpek Industry Ltd Punjab Chemicals & Crop Protection Ltd. Banco Products (India) Ltd Gujarat Automotive Gears Limited Universal Esters Limited Infinity Consultants Limited Torrential Investments Pvt. Limited		E Cube India Solutions Limited
Other positions	NIL		NIL
Membership of committees in other public limited companies	Transpek Industries Ltd Punjab Chemicals & Crop Protection Ltd	Audit Committee	NIL
	Transpek Finance Ltd Punjab Chemicals & Crop Protection Ltd Transpek Industry Ltd	Shareholders & Investors Grievance Committee	
	Transpek Industries Ltd Punjab Chemicals & Crop Protection Ltd	Remuneration Committee	
Shares held in the company	NIL		100



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Fourth Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 2010.

1. Financial Results

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
Sales (net of excise duty) and other income	7108.33	4712.58
Profit Before Interest and Depreciation	590.56	265.26
Less :		
a) Interest	206.68	166.38
b) Depreciation	95.46	95.33
PROFIT / LOSS BEFORE TAX & EXTRA ORDINARY ITEMS	288.42	3.55
Add : Interest on I.T.Refunds	0.45	0.00
Add : Excess Provision written back	0.18	0.35
Less : Prior year's I T Adjustments	44.21	(2.62)
Less : Foreign currency Monetary Item Translation		
Difference Account Write Off	2.70	0.00
PROFIT BEFORE TAXATION	242.14	6.52
Provision for Tax - Current	80.00	0.74
- FBT	0.00	2.20
- Deferred	8.60	1.41
PROFIT AFTER TAX	153.54	2.17
Balance brought forward from previous year	760.24	790.59
Amount available for appropriation	913.78	792.76
APPROPRIATION		
Transfer to Foreign currency Monetary Item Translation Difference	0.00	10.21
Proposed Dividend on Equity Share	38.13	19.07
Corporate Dividend Tax on above	6.48	3.24
Balance Carried over to next year	869.17	760.24