



ANNUAL REPORT 2011-2012



**SHILCHAR
TECHNOLOGIES LIMITED**

Corporate Information

BOARD OF DIRECTORS

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

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.

TABLE OF CONTENTS	PAGE
NOTICE	1
DIRECTOR'S REPORT	3
AUDITOR'S REPORT	18
BALANCE SHEET	21
PROFIT & LOSS ACCOUNTS	22
CASH FLOW STATEMENT	23
SCHEDULES TO ACCOUNTS	24
PROXY - FORM	41



NOTICE

NOTICE is hereby given that the Twenty Sixth 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 Saturday, the 04 day of August, 2012 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, 2012 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, 2012.
3. To appoint a Director in place of Mr. Ashesh J. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kirtikant P. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Naresh & Co., (having ICAI Reg. No. 106928W) Chartered Accountants, Vadodara, as Auditors of the Company, to hold Office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

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

Place: Bil, District. Vadodara
Date: 12.05.2012

ALAY SHAH
M. D.

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

Name of Director	Shri Ashesh J. Shah	Shri Kiritikant P. Shah
Date of Birth	06.01.1964	06.01.1939
Date of Appointment	13.01.1986	25.10.1997
Expertise in Specific Functional Area	Marketing	Manufacturing and Technology updation in the field of Transformers
Qualifications	Bachelor of Science with Electronics Engineering	Bachelor of Engineering
Directors in other public limited companies	E Cube India Solutions Limited	Hatsun Agro Products
Other positions	NIL	NIL
Membership of committees in other public limited companies	NIL	NIL
Shares held in the company	1900	NIL



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 Wednesday, 01-08-2012 to Saturday, 04-08-2012 (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 mal-practices 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 2008-09, 2009-10 and 2010-11 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 shall 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.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Sixth Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 2012.

1. Financial Results:

[Rupees in Lacs]		
Particulars	2011-12	2010-11
Revenue from Operations	8294.16	9347.09
Other Income	55.74	72.32
Total Revenue	8349.90	9419.41
Less: Expenses before Interest and Depreciation	7757.55	8792.05
Less: (a) Interest	425.67	351.19
(b) Depreciation	106.96	98.87
Profit before Tax & Extra ordinary Items	59.72	177.30
Add: Interest on Income tax Refunds	0.00	1.61
Add: Excess Provision for Expenses Written Back	3.33	0.38
Less: Foreign Currency Monetary Item Translation Difference		
Account Written off	0.00	2.47
Less: Prior year's Income Tax Adjustment	(0.44)	(2.25)
Profit Before Taxation	62.62	179.08
Less: Tax Expenses		
Current Tax	30.00	67.35
Tax of Earlier Year	0.00	0.00
Deferred Tax	(9.23)	(4.45)
Profit after Tax	41.85	116.19
Balance brought forward from previous year's amount available for appropriation	963.13	869.17
Balance available for appropriation	1004.98	985.37
APPROPRIATION		
Transfer to Foreign currency Monetary Item		
Transaction Difference	0.00	0.11
Proposed Dividend on Equity Share	19.07	19.07
Corporate Dividend Tax on above	3.09	3.17
Balance Carried over to next year	982.82	963.13

2. Dividend:

For the year under review, your Directors have recommended a dividend of Rs. 0.50/- per share (i.e. 5%) on Company's paid up equity share capital comprising of 38,13,400 equity shares of Rs. 10/- each. Thus, the total dividend outgo for the current fiscal will amount to Rs. 22.16 lacs including dividend distribution tax of Rs. 3.09 lacs.

3. Operational Highlights:

The Company earned operational income of Rs.8294.16 lacs compared to Rs. 9347.09 lacs for the previous year. The other income is Rs. 55.74 lacs compared to Rs.72.31 lacs in the previous year. The total revenue for the year is Rs.8349.90 lacs against Rs.9419.41 lacs in the previous year. Profit after tax is Rs.41.85 lacs as compared to previous year figure of Rs.116.19 lacs. The Company has witnessed decrease of 12.80% and 177.65% in earning revenue and net profit, respectively over previous year.

During the period under review, the Company has begun supplying transformers for renewable energy sector and concentrated more on export market.

4. Accreditation:

Your Company has been authorized by the Bureau of Energy Efficiency (BEE) for using three (4) Star Rating labels on its Distribution Transformers with the capacity of 25KVA/63KVA/100KVA and 200KVA, respectively.

The Company is also holding ISO 9001:2000 Certificate since September, 2004 for quality systems in relation to its factory located at village Bil, District Vadodara in the State of Gujarat.

5. Finance:

The Company has been optimally utilizing its fund based and non fund based working capital requirements as tied up with Bank of Baroda and Standard Chartered Bank, respectively. During the year under review, the Company was comfortable in meeting

its financial requirements. Effective financial measures have been continued to reduce cost of interest and bank charges in increase rate scenario through out the year.

6. Management Discussion and Analysis:

The Management Discussion and Analysis Report is appended as Annexure-1 to this Report.

7. Corporate Governance:

A separate Section on Corporate Governance is included in the Annual Report and the certificate from the Company's Auditors confirming the compliances of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is annexed thereto, which forms part of the Director's Report.

8. Directors:

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

9. Auditors:

The Auditors, M/s. Naresh and Co., Chartered Accountants, Vadodara 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 224(1B) of the Companies Act, 1956.

10. Auditor's Report:

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

11. Fixed Deposits:

Your Company has not accepted any fixed deposits.

12. Energy, Technology and Foreign Exchange:

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 given vide Annexure-2 and forms part of this Report.

13. Particulars of Employees:

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.

14. Directors' Responsibility Statement:

The Directors state that:

- (i) in the preparation of the annual accounts for the financial year ended 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departures
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments 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 2011-12 and of the profit or loss of the Company for that period ;
- (iii) 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) the Directors had prepared the annual accounts on a going concern basis.

15. Compliance Certificate

The Company has obtained a compliance certificate as required u/s. 383A of the Companies Act, 1956 which is attached herewith, forming part of this report.

16. Personnel / Industrial relations:

During the period under review, the personal and industrial relations with the employees remained cordial in all respects.

17. Acknowledgement:

Your Directors wish to place on record their deep appreciation and thanks to all the Banks, Central and State Government and Local Authorities and all stakeholders for their continued co-operation in the progress of your Company.

Your Directors also wish to place on record their wholehearted thanks for the dedicated services rendered by the employees of the Company.

For and on behalf of the Board of Directors
For **SHILCHAR TECHNOLOGIES LIMITED**

Place: Bil, District Vadodara
Date: 12.05.2012

ALAY SHAH
M.D.

Annexure-1 to the Director's Report 2011-12

Management Discussion and Analysis

a) Industry Overview

The power sector value chain comprises generation, transmission and distribution. Electricity generated at a power plant is transmitted to the nearest grid via step-up transformers and then to the state grid via step-up or step-down transformers. Then it is transmitted to a power substation via step down transformers. Finally, distribution transformers are used to transmit power from the sub-transmission point to end consumers. Power transformers account for 60-70% of the total installed capacity while distribution transformer accounts for the remaining 30-40%.

India has technology and capacity to manufacture wide range of power transformers, distribution transformers and other types of special transformers. Indian companies are capable of manufacturing energy efficient transformers with low losses and low noise levels. The players in transformer industry have updated their manufacturing facilities to cope up with technical requirements at national and international levels. They have established in house R & D labs and are regularly updating their technical capabilities to develop transformer of latest technology and design.

The Bureau of Energy Efficiency (BEE) is actively working to ensure that quality products are procured by the electricity boards and has accordingly stipulated mandatory 3 star ratings for distribution transformers. Most manufacturers have upgraded to meet these requirements.

b) Opportunities

India has set itself ambitious targets of investment in the power sector, in view of the significant power deficit and sustaining economic growth momentum. The momentum of capacity addition is expected to continue at a higher rate during the 12th Plan with large capacity additions lined up by private sectors. With huge power plants are coming up, the need for transmission will drive demand for transformers.

In the global market, performance of Indian product is acknowledged as technically par with leading international companies. Since the transformer industry has matured enough as a reliable supplier, there is huge potential in exporting transformers in various parts of the world including countries like USA, Canada, Europe, South Africa, Middle east and Far east countries.

In addition to conventional sectors, the renewable energy sector which inter alia includes wind power, solar power and hydro power, has thrown vast opportunities for supplying "Green Transformers".

c) Threats

The amount of poor governance at various statutory bodies and their high borrowings needs has made it difficult for the country to enhance its growth and reduce its growing fiscal deficit. The high interest rate, liquidity crunch and double digit inflation are the further areas of concern. These put together will affect the allocation and spending of funds by the government as envisaged in its 12th Plan, which could demoralize the growth of capital intensive industry including transformer.

Having incurred capital expenditure on capital expansion, the industry now runs the risk of being saddled with idle capacities in the absence of adequate order inflows, which has led to a steep price competition and falling margins.

Rising trend in prices of commodities namely, copper, steel and oil is a major area of concern for transformer industry.

Cheaper imports of power equipments from Chinese market, to a great extent, damaged the business momentum of domestic power equipment manufacturers.

d) Segment wise performance

It is seen from past trend in India that power transformers account for around 60-70% percent of the transformer market whereas the distribution transformer market constitute the rest. The Company's customers could be broadly divided into two main segments viz. State Utilities and Private Industrial Companies.

e) Outlook

Despite having all adversities including global slowdown, the Company remains optimistic about the future of transformer industry and firmly believes in the strong roots of Indian economy.

The massive programme of generation, transmission and distribution outlined in 12th Plan envisages huge demand of transformers. Growth in electricity consumption, rapid expansion of rural and urban infrastructure, moderate growth in industrial demand, spending thrust of Government of India on publicly funded programme etc. are the key factors which will provide opportunities to the transformer manufacturers and propel growth in transformer industry.

f) Internal control system

Internal controls and systems have found to be adequate. These are reviewed periodically by the Audit Committee and efforts are made to improve further, wherever possible.

g) Human resources and Safety

Your Company continued its activities during the year in a cordial atmosphere with utmost co-operation amongst employees and the management. The management is committed to promote safety, occupational health and proper environment is design, planning, training and completion of all tasks. Training are imparted to workmen in various new techniques and systems.

During the period under review, your Company remains "Zero Discharging Pollution Unit".

The Company believes in sustainable development and is committed to discharge its social responsibilities to the extent possible. The Company regularly donates to the institutions for noble cause. The Company has taken initiative by indemnifying small vendors and to lend them support for their individual growth.

Annexure-2 to the Director's Report 2011-12

Particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2012

Sr. No.	Particulars
[A]	Conservation of Energy:
(a)	Energy conservation measures taken:
1.	Application of Gas based Ovens.
2.	The lighting changed to Picture Tube Lights (PL)
3.	At Plant II, the MH Lamps installed.
4.	The Company set up a wind mill project to generate eco friendly electricity, being used for captive consumption.
5.	The numbers as well as capacity of capacitors changed to achieve improved power factor.
6.	The Company purchased screw Compressor in place of Reciprocating Compressors.
7.	At shop floor, Air Ventilators installed.
8.	The consumption of Diesel is under close supervision.
9.	Putting trust on developing energy efficient transformers.
(b)	Additional investments and proposals if any, being implemented for reduction of consumption of energy: NIL
(c)	Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Saving in power cost
(d)	Total energy consumption and energy consumption per unit of production as per prescribed
	Form A:

A.	Power & Fuel Consumption	2011-12	2010-11
1.	Electricity:		
a)	Purchased		
	Unit	8,84,109	8,09,150
	Total Amount (in Rs.) – Gross	61,01,394	57,84,084
	Rate/ Unit	6.90	7.14
b)	Own Generation:		
i)	Through Diesel Generator		
	Diesel Qty (in Ltr)	3120	2100
	No. of Units Generated	11632.65	18882
	Total Amount (in Rs.)	1,37,323	82,242
	Unit per Ltr of Diesel Oil		
	Total Cost per Unit		
ii)	Through Steam	NIL	NIL
	Turbine/ Generator	---	---
	Unit	---	---
	Units per Ltr. of Fuel Oil/ Gas	---	---
2.	Coal (Specify quantity and - where used)	NIL	NIL



3.	Furnace Oil:		
	Quantity in Liters	NIL	NIL
	Total Amount	NIL	NIL
	Average Rate/ Liter	NIL	NIL
4.	Others:		
a)	Light Diesel Oil:		
	LDO Consumed in Liters	NIL	NIL
	Total Amount	NIL	NIL
	Average Rate/ Liter	NIL	NIL
b)	Wind Generation:		
	Generated Units	4,78,423	4,25,331
	Total Amount	33,10,685	27,56,144
	Average Rate/ Unit	6.92	6.48

B. CONSUMPTION PER UNIT OF PRODUCTION:

Since the Company manufactures different types of transformers, it is not practicable to give consumption per unit of production.

FORM B

[B] Technology Absorption:

(a) Research & Development:

(1) Specific area in which R & D is carried out by the Company:

1.1 The Company is in the process of establishing state of the art facilities for research.

1.2 The Company has been investing in setting up optimum testing facilities at various stages of production process.

(2) Benefits derived as a result of the above R & D

Improvement in quality and better product mix

(3) Future plan of action:

To invest more in R & D activities.

(4) Expenditure on R & D:

During the financial year ended on 31.03.2012, the Company spent Rs.27.65 lacs on R & D activities, being 0.33% of its total turnover, as compared to Rs.27.21 lacs, being 0.29% in the previous year.

(b) Technology Absorption, Adaptation & innovation:

(1) Efforts in brief, made towards technology absorption, adaptation and innovation.

Your Company has continued its efforts to upgrade its manufacturing facilities of Electronics & telecommunication transformers.

[C] Foreign Exchange earnings and outgo:

Sr. No.	Particulars	2011-12	2010-11
01.	Earning from Export during the year	6,82,69,653/-	9,39,34,968/-
02.	Outgo:		
	a) CIF value of Imports	3,30,88,533/-	6,48,57,690/-
	b) Expenditure in foreign currency	5,27,417/-	12,11,317/-
	c) Traveling	1,00,128/-	2,58,040/-

For and on behalf of the Board of Directors
For **SHILCHAR TECHNOLOGIES LIMITED**

Place: Bil, District Vadodara
Date: 12.05.2012

ALAY SHAH
M.D.

COMPLIANCE CERTIFICATE

To
The Members
Shilchar Technologies Limited
Bill Road, Bill
District Vadodara – 391 410

CIN: L29308GJ1986PLC008387

We have examined the registers, records, books and papers of Shilchar Technologies Limited, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In our opinion and to the best of my/our information and according to the examinations carried out by me/us and explanations furnished to me/us by the Company, its officers and agents, I/We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public limited company, comment is not required.
4. The Board of Directors duly met 04 (Four) times on 28.05.2011, 30.07.2011, 24.10.2011 and on 11.02.2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolution passed in the Minutes Books maintained for the purpose.
5. The Company closed its Register of Members from 25.07.2011 to 30.07.2011 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31.03.2011 was held on 30th July, 2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting (EGM) was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors and members pursuant to section 314 of the Act wherever applicable.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment of securities during the financial year.
(ii) The Company has deposited the amount of dividend declared in a separate bank account, namely Unpaid Dividend Account namely "Shilchar Technologies Limited – Dividend Cum – unpaid Dividend Account-2011" with Bank of Baroda, Alkapuri Branch, Vadodara on 30.07.2011 which is within five days from the date of declaration of dividend in the AGM held on 30.07.2011.
(iii) The Company has posted dividend warrant to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been lying in the said Unpaid Dividend Account namely "Shilchar Technologies Limited – Dividend Cum – unpaid Dividend Account – 2011" with Bank of Baroda, Alkapuri Branch, Vadodara.
(iv) The Company was not required to transfer the amounts of any unpaid dividend account, application money due for refund, mature deposits, mature debentures and the interest accrued thereon to Investor Education and Protection Fund as there was no such amount remained unclaimed or unpaid for a period of seven years.
(v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of alternate directors and directors to fill casual vacancies during the financial year
15. The appointment of Managing Director/ Whole Time Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.