



ANNUAL REPORT 2012-2013



**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	Resigned w.e.f. 28th March, 2013

BANKERS

Bank of Baroda
Standard Chartered Bank

AUDITORS

Naresh & Company
Chartered Accountants
2nd Floor, Citi Enclave
Opp. Polo Ground
Vadodara - 390 001.

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 Seventh 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, District Vadodara on Saturday, the 10th day of August, 2013 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, 2013 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, 2013.
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 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: 04.05.2013

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 Functional Area	Finance and Corporate Management	Business Management
Qualifications	Bachelor of Chemical Engineer	M.A.
Directors in other public limited companies	Transpek Finance Limited Punjab Chemicals and Crop Protection Limited, Gujarat Automotive Gears Limited Universal Esters Limited Transpek Industry Limited Banco Products (India) Limited	E Cube India Solutions Limited
Other positions	NIL	NIL
Membership of committees in other public limited companies	He holds Membership of Eight Committees in Listed Companies and acting as Chairman of Two Committees in Listed Companies.	NIL
Shares held in the company	NIL	100



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 Wednesday, **7th day of August, 2013 to Saturday, 10th day of August, 2013 (both days inclusive)**.
3. All requests for transfer of Equity Shares and allied matters along with the relevant transfer deeds and shares certificates should be sent either to the Registrar & Transfer Agent, M/s. MCS Limited, 1st Floor, "Neelam Apartment", 88, Sampatrao Colony, Vadodara-390 007 or at the registered office of the Company.
4. 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.
5. Members who continue to hold the shares in physical form are requested to inform any change in their address, bank particulars, email-id, and nomination etc. to the Registrars & Transfer Agent (RTA). Members holding shares in dematerialized form are requested to approach their Depository Participants for change of address, bank particulars, email-id and nominees, etc.
6. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of transferee(s), surviving holder(s), legal heirs(s) and joint holder(s) respectively, along with necessary document at the time of lodgment of request for transfer/ transmission / transposition, is mandatory.
7. The Company has been using ECS (Electronic Clearing Services) facility as well as physical instruments for distribution of dividends to its Members.

Members who are holding shares in demat mode are hereby advised to update and provide correct particulars of their bank accounts with their respective depositories.

For Members that hold physical shares, they are requested to indicate their bank account details viz. type of account, account number, banker's name and address, 9 digit code number appearing on the MICR band of the cheque supplied by the bank to enable the Company to record the mandate and distribute the future Dividend either by crediting to their bank accounts or at least by printing bank account details of the members on physical instruments. Such information may please be sent to the Registered Office of the Company Bil Road, Bil- 391 410, District Vadodara, in the State of Gujarat.

8. Under the provision of Section 109A and 109B of the Companies Act, 1956, Shareholder(s) is/ are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interesting in availing the nomination facility are requested to write to the Company/ RTA.
9. Members are hereby informed that dividends for the financial year **2005-06, 2006-07, 2007-08 2008-09, 2009-10, 2010-11 and 2011-12 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 Seventh Annual Report on the business and operations of the Company and the Audited Accounts for the Financial Year ended 31st March 2013.

1. Financial Results:

[Rupees in Lacs]		
Particulars	2012-13	2011-12
Revenue from Operations	7274.29	8294.16
Other Income	154.44	55.74
Total Revenue	7428.73	8349.90
Less: Expenses before Interest and Depreciation	6862.37	7780.93
Less: (a) Interest	271.41	402.26
(b) Depreciation	102.54	106.96
Profit before Tax & Extra ordinary Items	192.40	59.75
Add: Excess Provision for Expenses Written Back	1.66	3.33
Less: Prior year's Income Tax Adjustment	2.54	(0.44)
Profit Before Taxation	191.52	62.65
Less: Tax Expenses		
Current Tax	75.50	30.00
Deferred Tax	(13.20)	(9.23)
Profit after Tax	129.22	41.88
Balance brought forward from previous year's amount available for appropriation	982.82	963.13
Balance available for appropriation	1112.06	1004.98
APPROPRIATION		
Proposed Dividend on Equity Share	19.07	19.07
Corporate Dividend Tax on above	3.09	3.09
Balance Carried over to next year	1089.91	982.82

2. Dividend:

For the year under review, your Directors have recommended a dividend of Rs.0.50 paisa 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. 22,16,024/- including dividend distribution tax of Rs.3,09,324/-.

3. Operational Highlights:

The Company earned operational income of Rs. 7274.29 lacs compared to Rs. 8294.16 lacs for the previous year. The other income is Rs. 154.44 lacs compared to Rs. 55.74 lacs in the previous year.

The total revenue for the year is Rs. 7428.73 lacs against Rs. 8349.90 lacs in the previous year. Profit after tax is Rs. 128.22 lacs as compared to previous year figure of Rs. 41.88 lacs.

During the period under review, the Company has strategically shifted its focused from state electricity boards to private sectors and put thrust on export front and developing market for transformers having application in renewable energy sector. This has impacted in terms of marginalized the sales volume but improved its margins and profitability.

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.

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. Mukesh D. Patel and Mr. Jitendra C. Shah retire by rotation, and being eligible, offer themselves for re-appointment.

Mr. Rajesh Varma, Independent Director, resigned from the directorship owing to his personal reasons. The Board placed on record its sincere appreciation for the valuable contribution extended by Mr. Rajesh Varma during his tenure with the Company.

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 Auditor's Report is not qualified. The Auditors, in their Report, have referred to the notes forming part of the accounts. The said notes are self-explanatory and do not require any further clarifications.

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 2012-13, 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 2012-13 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. Cost Audit

Pursuant to the directives of the Ministry of Corporate Affairs, your Company appointed Mr. K. H. Shah proprietor of M/s. K. H. Shah & Co. Cost Accountants as cost Auditor of the Company under Section 233B of the Companies Act, 1956 for the year 2012-2013. The Cost Audit Report for the year ended 31st March, 2013 will be submitted to the Ministry within the stipulated time.

17. Personnel / Industrial relations:

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

18. 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: 04.05.2013

ALAY SHAH
MANAGING DIRECTOR



Annexure-1 to the Director's Report 2012-13

Management Discussion and Analysis

a) Industry Overview

The Indian Transformer industry, primarily of Power & Distribution Transformer manufacturers, is one of the key pillars of India's more than Rs. 110000 crores Power Industry. The industry enjoys a good reputation in terms of quality, price, and delivery in the domestic as well as overseas markets. Apart from catering to domestic demand, India exports transformers to over 100 nations including the US, Europe, Malaysia, Singapore, Bangladesh, African countries, and Gulf countries. India is however also lured on importing transformers; the major source countries include China, Germany, USA, Korea, and Japan. There are more than five hundred transformer companies in India. The market is predominantly unorganized with many small participants catering to the smaller distribution transformer markets while there are few leading players, have significant presence in both power and distribution transformer market.

Over the last two years the market has grown at a very moderate rate at less than 4 per cent, due to the slowdown of power generation capacity addition and T&D infrastructure expansion. On the other hand, anticipating the huge domestic and overseas demand, many foreign players already commenced setting up their manufacturing facilities in India. Simultaneously, many domestic players have opted for capacity expansion. Resultantly, transformer manufacturing capacity in India remains underutilized with capacity utilization rates hovering around 60-70 per cent on an average over the last five years. Transformer over-capacity in the Indian market has led to immense pricing pressure scenario severely impacting the profitability of the market players. Responding to the needs of an hour, players in Transformer industry have updated their manufacturing facilities to cope with technical requirement at national and international levels.

b) Opportunities

- Revised Accelerated Power Development and Reform Program (R-APDRP) and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), the schemes as launched in by the Government of India entails huge investments in the T&D sector including use of energy efficient transformers, besides renovation, modernization, restructuring, and up gradation of the T&D infrastructure.
- Transformer segment is going to witness a leap in demand, even in face of intensifying competition, as Capex of approximately Rs. 640,000 crore in T&D sector over the next 5-6 years will ensure the optimum capacity utilization for major players.
- Industrial sector Growth and Replacement of ageing equipments.
- India, under its green initiatives and response to UNFCCC talks, has rolled out Jawaharlal Nehru National Solar Mission under NAPCC. The transformation of sand to power has proved out to be a highly proactive field for market and technology innovation. Thus, 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

- High failure rate of distribution transformers is a big concern for the transformer industry in India. This is due to the low entry barriers in the distribution transformer market leading to unorganized players entering the market, and competing on the price factor.
- State power utilities have been facing losses due to the supply of subsidized power to agricultural farmers, theft of power, and inefficient T&D infrastructure. This has restricted private investment in the power T&D sector, thereby reducing the quality of service from SEBs. This, in turn, is affecting the capacity building program and transmission of power.
- Acute fuel shortage (both coal and natural gas), high coal prices and delay in commissioning of new units, affected power generation capacity addition plans and in turn, demand for transformers.

d) Segment wise performance

Power transformer forms the largest chunk of transformer market by value and account for about 60-70% of the total transformer industry. Distribution transformers would account for the remaining 30-40% of the total value of the transformer industry. Your Company is engaged in manufacturing of Power Transformers ranging from 5 KVA to 3000 KVA and Power Transformers ranging from 300 KVA to 25,000 KVA. The Company also manufactures solar and windmill transformers for renewable energy sector.

e) Outlook

The Indian power and distribution transformer markets are highly dependent on investments planned by the Government of India for the T&D segment and reform programs of the Central Government. These programs, when fully implemented as scheduled, are expected to drive the demand for both power and distribution transformers. Growing Indian economy, growth in electricity consumption, growing industrial demand, expanding export market, large scale generation capacity addition, setting up of national grid, rapid expansion of urban and rural distribution infrastructure will remain key drivers



of the transformer market in India. In the current scenario, your Company will continue to focus on updating its technical capabilities to develop transformers of latest technology and design and in turn strengthen its market share and improve its profitability.

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 2012-13

Particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March, 2013

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.	The Company set up a wind mill project to generate eco friendly electricity, being used for captive consumption.
4.	The numbers as well as capacity of capacitors changed to achieve improved power factor.
5.	The consumption of Diesel is under close supervision.
6.	Putting thrust 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	2012-13	2011-12
1.	Electricity:		
a)	Purchased		
	Unit	6,82,896	8,84,109
	Total Amount (in Rs.) – Gross	45,82,599	61,01,394
	Rate/ Unit	6.73	6.90
b)	Own Generation:		
i)	Through Diesel Generator		
	Diesel Qty (in Ltr)	1904	3120
	No. of Units Generated	6663.20	11632.65
	Total Amount (in Rs.)	90847	1,37,323
	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	5,07,076	4,78,423
	Total Amount	34,12,620	33,10,685
	Average Rate/ Unit	6.73	6.92

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 31.03.2013, the Company spent Rs. 28.36 lacs on R & D activities, being 0.38% of its total turnover, as compared to Rs.27.66 lacs, being 0.33% 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	2012-13	2011-12
01.	Earning from Export during the year	17,46,67,377/-	6,82,69,653/-
02.	Outgo:		
	a) CIF value of Imports	78,22,908/-	3,30,88,533/-
	b) Expenditure in foreign currency	3,91,986/-	5,27,417/-
	c) Traveling	5,58,220/-	1,00,128/-

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

Place: Bil, District Vadodara
Date: 04.05.2013

ALAY SHAH
MANAGING DIRECTOR