



ELANTAS Beck India Ltd.

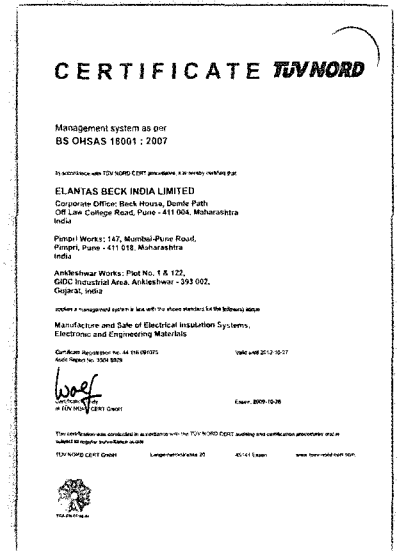
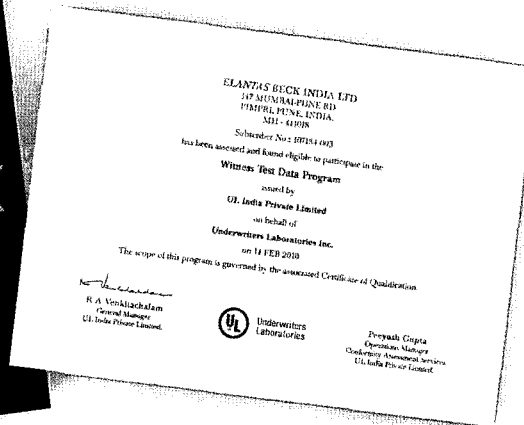
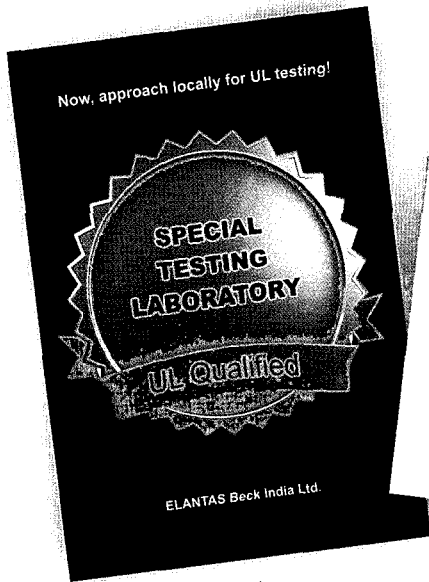
Annual Report 2009

 **ELANTAS**
Electrical Insulation

ELANTAS

Electrical Insulation

Achievements



Underwriters Laboratories (UL) qualifies Special Testing Laboratory of ELANTAS Beck India for Testing to UL Standards

Occupational Health & Safety Standard (OHSAS) Certification

ELANTAS Beck India now offers

more than 75 products

for

Casting, Potting & Encapsulating applications in Electrical and Electronics Industries



With effect from 15 September, 2009 ELANTAS Beck India Ltd. acquired the Casting & Potting Compounds Business of Shimo Resins Pvt. Ltd. With this acquisition, the company broadened and consolidated the Epoxy and Polyurethane Systems Business for Casting, Potting and Encapsulating applications in Electrical & Electronics Industries.

Board of Directors

Dr. Matthias Wolfgruber
Chairman

Dr. Wolfgang Schütt

Mr. Ravindra Kulkarni

Mr. Pradeep Mallick

Mr. Suresh Talwar

Mr. Prashant Deshpande
(Alternate to Dr. Matthias Wolfgruber)

Mr. Sharadkumar Shetye
(Alternate to Dr. Wolfgang Schütt)

Mr. Rajeev Bhide
Managing Director

Mr. Martin Babilas (resigned w.e.f. 23 March 2009)

Dr. Guido Forstbach (resigned w.e.f. 23 March 2009)

Executive Management

Mr. Rajeev Bhide
Managing Director

Mr. Prashant Deshpande
Director- Marketing

Mr. Sharadkumar Shetye
Director- Manufacturing

Mr. Sanjay Kulkarni
General Manager - Finance & Materials

Company Secretary & Head-Legal

Mr. Shirish Dabir

Registered Office & Corporate Office

'Beck House', Damle Path,
Off Law College Road,
Pune 411 004

Works

147, Mumbai-Pune Road,
Pimpri, Pune 411 018

Plot No. 1 (A, B & C) & 122,
GIDC Industrial Area,
Ankleshwar 393 002

Regional Offices

Bangalore, Kolkata, New Delhi

website

<http://www.elantas.com/beck-india>

Auditors

BSR & Co.
Chartered Accountants
703, Godrej Castlemaine,
Next to Ruby Hall Clinic,
Bund Garden Road,
Pune 411001.

Internal Auditors

Mahajan & Aibara
1 Chawla House,
62 Woodhouse Road, Colaba,
Mumbai 400 005.

Solicitors

Talwar Thakore & Associates
3rd Floor, Kalpataru Heritage,
127 M.G. Road, Fort,
Mumbai 400 001.

Bankers

The Bank of Nova Scotia
HDFC Bank Ltd.
Bank of Baroda

Registrars & Share Transfer Agents

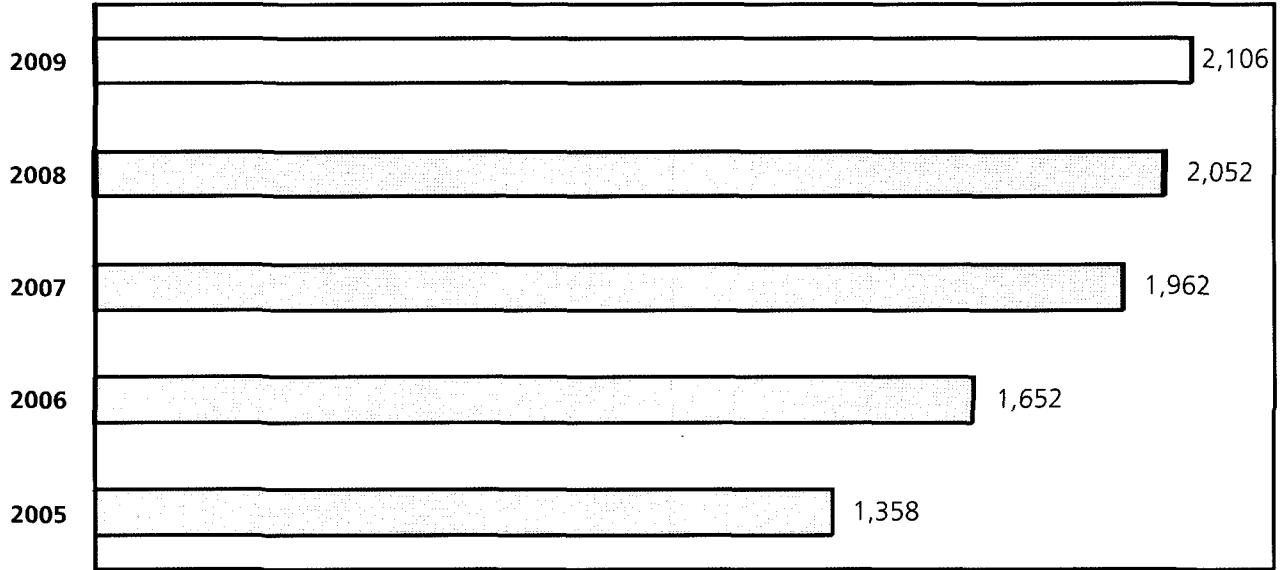
Sharepro Services (India) Pvt. Ltd.
Sam Hita Warehousing Complex,
Warehouse No 52 & 53, Plot No 13AB,
2nd Floor, Sakinaka, Andheri (East),
Mumbai 400 072.

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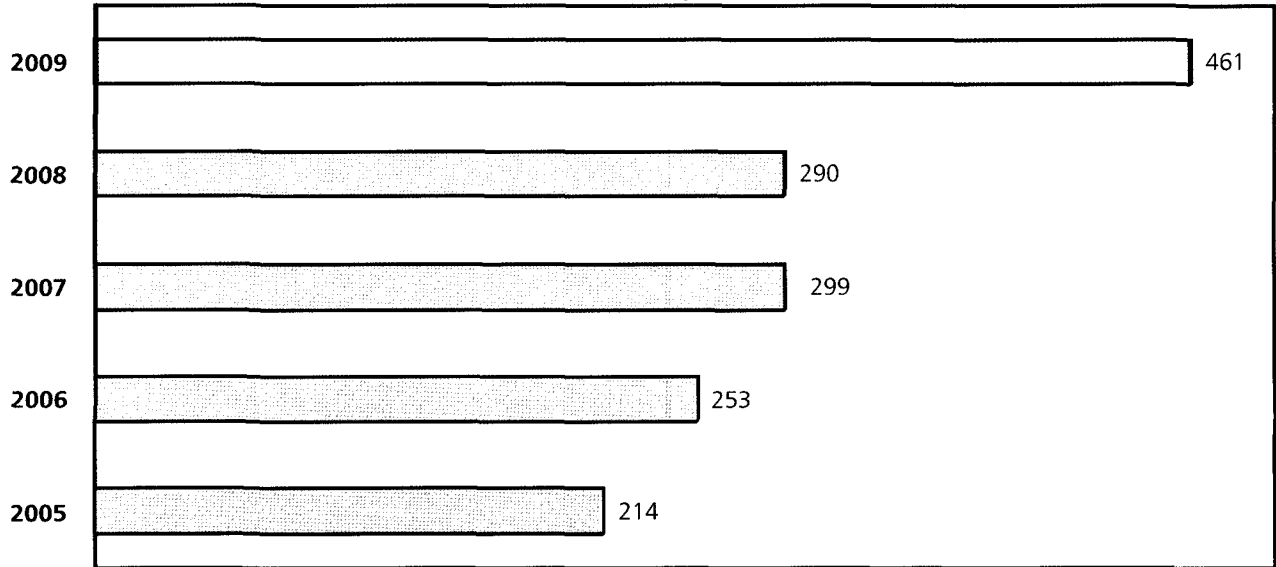
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Sales growth



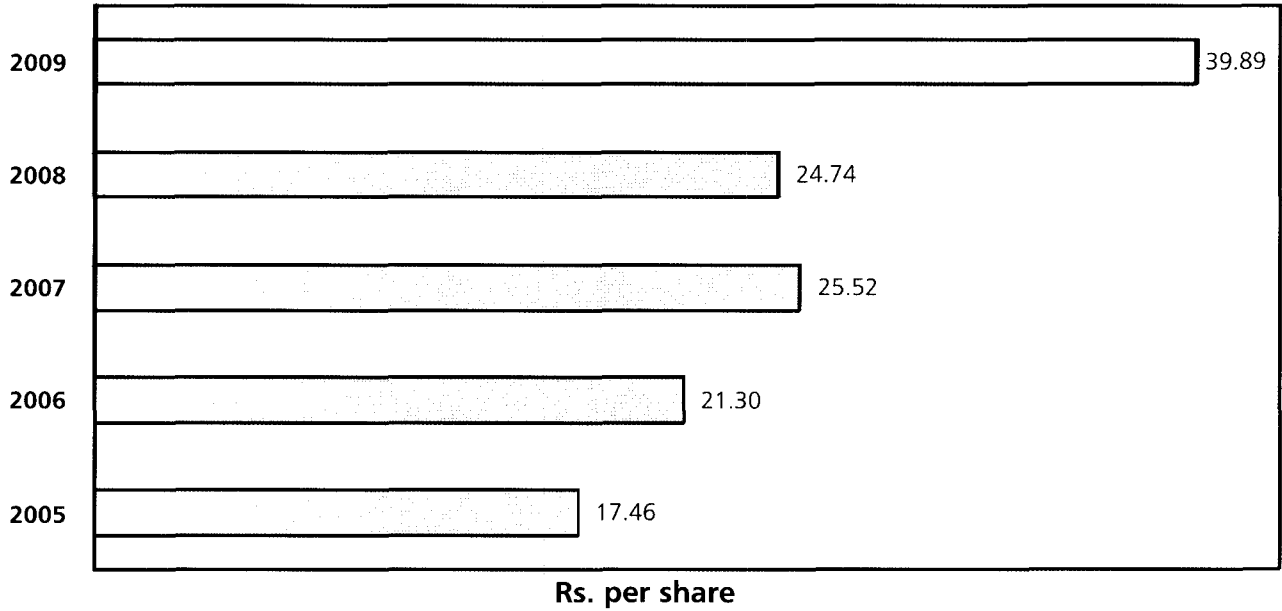
Gross sales Rs. Million

Profit growth

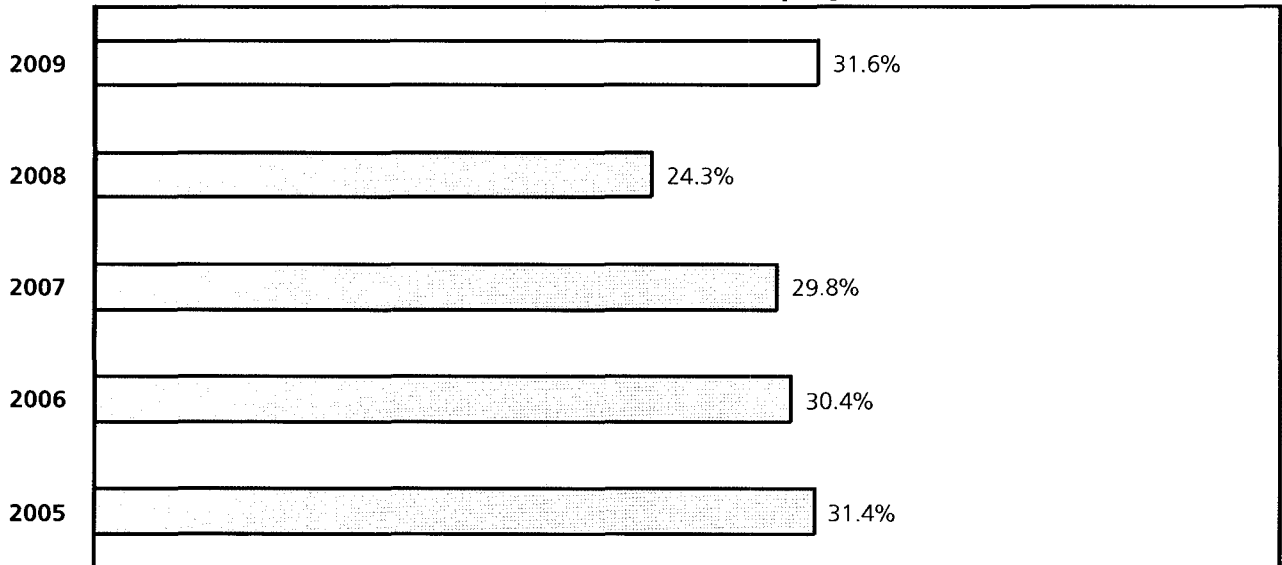


PBT Rs. Million

Earnings Per Share



Return on Capital Employed



Directors' Report

To the Members,

The Directors have pleasure in presenting the Fifty-fourth Annual Report and the Audited Accounts for the financial year ended 31 December 2009.

Financial Highlights

(Rs. Million)

	Year ended 31.12.2009	Year ended 31.12.2008
Income from operations	2,015.66	1,866.41
Profit before Interest, Depreciation & Tax	498.06	322.12
Depreciation	36.83	32.12
Interest	0.31	0.31
Profit Before Tax	460.92	289.69
Provision for tax	144.72	93.55
Net Profit	316.20	196.14
Profit & Loss Account brought forward	586.33	446.90
Profit Available for appropriation	902.53	643.04
Appropriations:		
Proposed dividend	35.68	31.71
Tax on Dividend distributed	6.06	5.39
Transfer to General Reserve	31.62	19.61
Carried to Profit & Loss Account	829.17	586.33
	902.53	643.04

Performance

The sales performance at Rs.1949 million for the year ended 31 December 2009 registered a 7.7% growth over the sales performance at Rs.1810 million for the previous year ended 31 December 2008. In terms of sales quantity, the tonnage sold during the year ended 31 December 2009 has increased by 9.2% over the previous year.

The aforementioned growth in sales coupled with an overall improvement in other operational parameters has resulted in a significant increase in Profit Before Tax.

Acquisition of Know-how

During the year under review, the Company acquired from Shimo Resins Private Limited, technical knowhow and the business intangibles in the field of manufacturing filled epoxy and polyurethane resins, hardeners and catalysts used in casting, potting, encapsulating and sealing applications often used in the electrical and electronic component industry.

The absorption and integration of the technology and other business intangibles acquired is well under way and will be fully completed during the year. This will strengthen the knowledge base in resin technology and enable the Company to offer a broader product range to a wider range of customers.

Dividend

The Directors are pleased to recommend a higher dividend of Rs. 4.50 per equity share, for the year ended 31 December 2009, in view of the improved performance of the Company for the said year.

Directors

During the year under review, Mr. Martin Babilas and Dr. Guido Forstbach resigned from the position of the Directors of the Company with effect from 23 March 2009.

Mr. Suresh Talwar resigned as Alternate Director to Dr. Matthias Wolfgruber with effect from 23 March 2009 and was appointed as Additional Director with effect from that date. In the Annual General Meeting held on 1 June 2009, Mr. Suresh Talwar was appointed as a Director of the Company whose period of office was liable to determination by retirement of directors by rotation.

Mr. Prashant Deshpande resigned as Alternate Director to Dr. Wolfgang Schütt with effect from 23 March 2009 and was appointed as Alternate Director to Dr. Matthias Wolfgruber from that date.

Mr. Sharadkumar Shetye ceased to be an Alternate Director to Dr. Guido Forstbach with effect from 23 March 2009 and was appointed as Alternate Director to Dr. Wolfgang Schütt from that date.

Dr. Matthias Wolfgruber and Dr. Wolfgang Schütt retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

As per the requirement under the Listing Agreement, particulars of Directors seeking re-appointment at the ensuing Annual General Meeting form part of the Notice of the meeting.

None of the Directors is disqualified from being appointed as or holding office as Directors, as stipulated under Section 274 of the Companies Act, 1956.

Corporate Governance

The Company is committed to sound corporate governance practices. Good corporate governance, it considers, not only enhances investor trust and confidence but also contributes towards improving the image of the Company in the eyes of employees, suppliers and customers etc. helping it gain a distinct competitive advantage.

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report, Report on Corporate Governance and the Auditors' Certificate regarding compliance of the same form an integral part of this Annual Report.

Listing on Bombay Stock Exchange

The Company's shares are listed on the Bombay Stock Exchange Limited (BSE).

During the year, based on the decision taken and communicated by its Promoter viz. ELANTAS GmbH, Germany, the Company approached BSE for delisting its share from the exchange in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Regulations"), and received its in-principle approval.

Subsequently, bids were invited from public shareholders to participate in the bid process by Reverse Book Building Method in pursuance of the Regulations and the bid process ended on 15 January 2010. However, since the total number of equity shares tendered in the reverse book building process was less than the minimum number of equity shares required to be tendered for the Delisting Offer to be successful, the Delisting Offer failed.

The Company thus continues to remain listed on BSE.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, after due inquiry and on the basis of the information received from the operating management and relying upon the report of the Auditors regarding compliance with the Accounting Standards, the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed, along with appropriate explanations relating to material departures.
2. the accounting policies have been consistently applied, and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31 December 2009, and the profit for the year ended on that date.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.

Fixed Deposits

During the year under review, the Company has not accepted any Fixed Deposits. Deposits amounting to Rs.3,000 which were lying unclaimed / unpaid for a period of seven years from the date it became due for payment, have been transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government, on 13 April 2009. As at 31 December 2009, the amount of deposits remaining unclaimed is Nil.

Cost Audit

Dhananjay V Joshi & Associates, Cost Accountants, have been re-appointed for the year 2010 to conduct an audit of the cost accounting records maintained by the Company in respect of Synthetic Resins and Varnishes.

Auditors

The Auditors, BSR & Co., Chartered Accountants, Mumbai, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee recommends the re-appointment of BSR & Co., as Auditors of the Company for the year 2010. The Company has received a letter from retiring Auditors to the effect that their appointment, if carried out, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, is given in Annexure A to this report.

Particulars of Employees

Information to be provided under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is given in Annexure B forming part of this report.

Industrial Relations

During the year under review, industrial relations continued to be cordial.

The Board wishes to place on record its appreciation to all employees of the Company for their continued contribution to the performance of the Company.

For and on behalf of the Board

Pune
16 February 2010

Suresh Talwar
Director

Rajeev Bhide
Managing Director

Annexure A to the Directors' Report

A. CONSERVATION OF ENERGY:

(a) Following measures were taken to conserve energy:

- Use of Air operated double diaphragm pumps and barrel pumps for liquid charging at Pimpri and Ankleshwar.
- Use of sophisticated process instrumentation & automation for mixing vessels at Pimpri and Ankleshwar.
- Installation of energy efficient variable frequency drives for mixers and reactors at Pimpri.
- Energy efficient augmentation of manufacturing infrastructure for capacity expansion by extension of the existing Resin Plant at Ankleshwar.
- Installation of an energy efficient Screw Air compressor to replace an existing reciprocating compressor in Nitrogen plant at Ankleshwar.
- Installation and commissioning of a fuel efficient, emissions eco-compliant Diesel Generating set at Ankleshwar.
- Completion of installation of a Goods Lift / Freight Elevator for handling solid / powder material from Warehouse to Resin Plant at Ankleshwar.

(b) Additional investments and proposals being implemented for reduction of consumption of energy:

- Installation of Process Instrumentation & automation for mixing vessels at Pimpri.
- Installation of a pneumatic charging system for greater efficiency and occupational safety in handling of fillers/powders at Pimpri.
- Installation of Energy efficient pumps as a result of conducting energy audit of high power drives at Pimpri.
- Creation of additional infrastructure to enable the efficient processing of the electrical compounds and resins business acquired recently, at Pimpri and Ankleshwar.
- Installation of new, energy efficient equipments to augment wire enamel, varnishes and resin processing capacities in a cost effective manner at Ankleshwar.
- Modernization and expansion of in-plant process Instrumentation & automation for new manufacturing equipments, at Ankleshwar.
- Replacement of the existing Boilers as per the Indian Boiler Act (Amendment in 2007) and IBR regulation.
- Installation of a new, energy efficient cooling tower at recovery cell.
- Modification and conversion of an existing reactor-mixer combination for energy efficient and cost effective manufacture of varnishes and alkyd resins.
- Installation of Solar Powered LED Lighting System at selected places.
- Installation of additional energy efficient Booster pump at surface level tank.

(c) Impact of (a), (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- Cost effective manufacturing including savings due to reduction in overall energy consumption per Metric Ton of production especially through reduced electricity and fuel consumption

(d) Total energy consumption and energy consumption per unit of production:

	Year ended 31 December 2009	Year ended 31 December 2008
a. POWER & FUEL CONSUMPTION		
1) Electricity		
a) Purchased Unit (KWH in lakh)		
Total KWH	21.98	20.65
Total amount (Rs. lakh)	123.59	107.38
Rate / KWH (Rs.)	5.62	5.20
b) Own generation		
i) Through Diesel generator		
Units (KWH in lakh)	1.95	2.73
Units per litre of Diesel Oil	3.23	3.32
Cost / Unit (Rs.)	11.34	11.69
ii) Through Steam turbine / generator		
Units (KWH)	-	-
Units per litre of fuel oil / gas	-	-
Cost / Unit (Rs.)	-	-
2) Coal		
Quantity (Tonnes)	-	-
Total amount (Rs. lakh)	-	-
Average Rate (Rs. / MT)	-	-
3) Furnace Oil (LDO)		
Quantity (KL)	242.52	251.40
Total amount (Rs. lakh)	86.05	100.17
Average Rate (Rs. / KL)	35,482	39,845
4) Natural Gas		
Quantity (KM3)	399.41	401.48
Total amount (Rs. lakh)	54.71	50.34
Rate (Rs. / KM3)	13,697	12,540
b. CONSUMPTION PER M.T. OF PRODUCTION		
Products : Wire Enamels, Impregnating Varnishes & Synthetic Resins		
Electricity (KWH)	175.78	181.06
Furnace Oil in Litres (LDO)	17.82	19.47
Coal	-	-
Natural Gas	29.35	31.09
Others	-	-

B TECHNOLOGY ABSORPTION

1. Specific areas in which R & D was carried out by the Company:

Research and Development Centre (R&D Centre) was engaged in the development of new synthetic insulation materials for the electrical industries, absorption of imported technology for certain wire enamels and development of more eco friendly wire enamels based on less toxic raw materials. Further development of coatings for the construction industry with focus on certain specific properties was also carried out. R&D Centre recently completed the task of technology transfer related to introduction of various Shimo Resin Products.

The efforts towards participating in training programme for M.Tech. students from local institutes on subjects which are complimentary to our type of business, were continued. A poster presentation was made at UDCT, Jalgaon, on the use of BYK Nano additives in wire enamels and varnishes.

2. Benefits derived as a result of the above R & D:

Some of the new products introduced and process improvements conducted were:

- Eco-friendly and less toxic variants of wire enamel products.

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- A new modified anhydride hardener for epoxy insulating system.
- Two new products in wire enamel range were introduced viz. polyester for high speed enameling and Formvar resin for oil filled transformers.
- Bilateral exchange of technology with the Global R&D network of ELANTAS aimed at knowledge sharing, problem solving and customer satisfaction.
- Cost reduction and process improvement in manufacturing.

3. Future plan of action:

- Continue development work on less toxic and ROHS compliant wire enamels and varnishes.
- Adapt new product from group companies under technology transfer to cater to local demand potential.
- Initiate new projects as part of global R&D initiatives for the benefit of local and global customers.
- New drive to consolidate the Company's position in the polyester wire enamel and compounds segment.
- More interaction and collaboration with the local institutes working in the research areas complimentary to the Company's type of business.
- New project under responsible care initiative for introduction of new software for preparing MSDS.

4. Expenditure on R & D

(Rs. Lakh)

	Year ended 31.12.2009	Year ended 31.12.2008
(a) Capital	511.24	8.75
(b) Recurring	258.90	184.03
(c) Total	770.14	192.78
(d) Total R & D expenditure as a percentage of total turnover	3.66	0.94

5. Technology absorption, adaptation & innovation:

The technology received from our collaborators in respect of new product is modified to suit customers' needs.

Information regarding technology imported during the last five years:

Technology imported	Year of Import	Has the Technology been fully absorbed	If not, when to be absorbed
1. Know-how for manufacture of insulating varnishes from Sanmar Specialty Chemicals-Intec Polymer Division.	2007	Yes	-
2. Absorption of technology from Shimo Resins Pvt. Ltd.	2009	No	2010

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information regarding foreign exchange earnings and outgo is contained in Note Nos. 26 & 24 respectively to the financial statements.

Annexure B to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the year ended 31 December 2009.

Name	Designation	Remuneration Subject to tax (Rs.)	Qualification	Age & Experience (Years)	Date of Commencement of employment	Last employment held, Designation and Organization
Mr. Rajeev Bhide	Managing Director	4,970,006	B.Com., F.C.A., Post Graduation D.M.M.	52/29	01.03.2000	Vice-President-Finance. International Computers (India) Ltd., Pune.
Mr. Prashant Deshpande	Director- Marketing	4,287,504	B.E. (Elec.), M.B.A. P.G.- Power Systems	65/44	01.04.1986	Div. Marketing Manager. Crompton Greaves Ltd., Nasik.
Mr. Sharadkumar Shetye	Director- Manufacturing	3,917,010	B.Tech.(Chemical Engg.) D.B.M., M.M.S	61/39	20.10.1971	-

Notes:

1. The nature of employment is contractual.
2. Other terms and conditions: as per Company's rules.
3. Gross remuneration includes allowances, Company's contribution to provident and superannuation funds, provision for medical entitlement as per Company's rules. The monetary value of perquisites is calculated as per Income Tax Act / Rules and does not include provisions for leave encashment, premium for gratuity and group insurance.

Management Discussion & Analysis Report

The slowdown caused by the global economic turbulence continued to affect the business of the Company during the first quarter of the year under report. However, May 2009 saw a gradual recovery of the Company's business. Thereafter, the Company's business improved with every passing quarter and finally, the year ended with a reasonable growth of 7.7% and 9% over the previous year, in terms of sales value and sales quantity respectively.

A few reasons for this revival were the greater resilience of the Indian economy; its predominantly domestic demand led economic model, and a well regulated banking and financial sector that was relatively de-coupled with the US financial sector.

Looking forward, the Company has good reason to believe that the Indian economy, although not completely out of the woods after the recent recessionary phase, stands on a strong foundation and due to its significantly lower export dependence, is capable of rising to the challenge of growing faster in the coming fiscal year.

The Company's operating performance was primarily assisted by the stability in costs of international and domestic inputs. The Company's belief and high level of commitment to deliver value to its customers through a continuing thrust on plant modernization, innovation and R&D, helped it to end the year under report on a high note.

As a market leader in electrical insulations systems, the Company has endeavoured to use ALTANA's Global R&D initiatives to introduce the latest technologies in its business so as to provide effective products and solutions to its valued customers. The Company strives to achieve excellence in delivering reliable, high performance products of consistent quality thereby contributing to the enhancement in standards of the end products in the supply chain.

Segment wise performance

Electrical Insulation Systems

Business lines Primary Insulation and Secondary Insulations, which comprise Electrical Insulation Systems Segment of the Company, continued to be the mainstay of the overall business. The business prospects of both these business lines are closely associated with the performance of the power sector in general and with the electrical equipment industry in particular.

The year under review began on a somber note with the electrical equipment industry continuing to reel under the impact of the economic down turn, showing no momentum in the initial months. However, with the Government's timely intervention in the form of financial stimulus of close to Rs. 186 Billion, the Indian Economy began recovering around April- May 2009. The electrical equipment industry too, followed suit and went on to exhibit a sustained recovery thereafter.

The performance of the Company also reflects this turn-around. After a slow start, the business prospects, both for Primary Insulation and Secondary Insulation, gained momentum and the Company built on this opportunity. The downturn in export markets notwithstanding, the Company has been able to register a YoY growth of 7% covering these two business lines. The corresponding figure for the local market is an impressive 12%. This clearly indicates a further consolidation of the Company's dominant position in the market place.

The Government of India's target for addition in power generation capacity during 11th Five Year Plan (2007-2012) had originally been placed at 78000 MW. However, a mid way review clearly indicates that, with the actual performance at about 20000 MW, the targeted addition remains a distant dream. Current estimates place the expected actual addition in the vicinity of 50000 MW. Even to achieve this goal, the power sector will have to grow exponentially in the remaining two years. As of now, there are enough signs to indicate that the power sector and consequently the electrical equipment segment is in the growth mode. In the market place, a majority of the user industry on one hand have ambitious expansion plans, whereas on the other hand, the orders for capital equipment from the power segment are virtually pouring in and account for more than 40% of the total capital equipments ordered in the last 6-8 months. This augers well for the Company.

The Company, which enjoys market leadership in the business lines of Primary and Secondary Insulation, is all set to optimize its participation in this buoyant market situation through strategic deployment of all available techno-commercial resources.

Electronic & Engineering Materials

This segment, which is the smaller business segment of the Company, holds significant potential for future growth and is well poised for faster growth in the coming years.

Keeping in view the growth potential, the Company, during the year 2009, acquired the technical know-how and other business intangibles of Shimo Resins Private Limited. This was an important acquisition since it has provided access to new technology for manufacture of more than fifty products, broadened the product range and thereby strengthen the Company's market position.

Consequently, the enlarged product range of the Company in the Electronics & Electrical Compounds line of business will now include Epoxy and Polyurethane (PU) products for use in Auto Electricals, Electronics and Electrical Castings, for casting, potting and encapsulating applications. The expanded product range will now include speciality PU products with in-built

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flexibility and flame retardant properties; low viscosity epoxy resins for high strength and void-free impregnation of auto ignition coils in two-wheeler and four-wheeler vehicles. The Company also plans to import and market certain speciality products from its overseas affiliate Companies.

As regards the business line Construction Chemicals, the Company's eco friendly Epoxy and PU flooring products are now well accepted in the pharma, healthcare and engineering industries. The antistatic flooring products and solutions of the Company too, are now widely in use by the electronics industry. Similarly, exterior coatings based on PU and acrylic resins of the Company have gained greater acceptance. Keeping in mind current environmental concerns, water based PU systems have also been developed and are being introduced mainly for heavy engineering applications.

In the coming years, the Company is examining the possibility of licensing new technologies in this business line, thereby enabling it to strengthen its knowledge base and broaden its range of products and solutions. The anticipated growth in construction activity to support the growing infrastructural needs in India, also auger well for this business.

Current Future and Outlook

Considering the current economic scenario in India, business prospects appear to be encouraging. Besides, being one of the few countries to quickly emerge out of the economic slow-down, India also appears to have got its act together in the area of kick-starting demand at the market place. The financial stimulus injected by the Government appears to have shown good results and there is a sense of buoyancy in the market.

Barring Agriculture, almost all segments like manufacturing, infrastructure, services etc. have begun to show a positive trend, clearly signaling a sustained demand revival. This in turn, suggests an optimistic business outlook for the Company. Revival in the capital markets, restoration of money supply and the slow but definite improvement in real estate development activities should support a reasonably good growth of all the Company's business lines.

The following factors, however, suggest that a sense of caution be exercised by the Company while preparing to capture the opportunities that beckon.

- (i) Spiraling food inflation @ 18% + and its possible fallout.
- (ii) Concerns about a burgeoning fiscal deficit of the Government of India
- (iii) Rising interest rates, having the effect of dampening market demand
- (iv) Timing and mechanism for roll-back of financial stimulus, by the Government
- (v) Steep increases in prices of crude oil derivatives, which could ultimately result in sharp increase in input costs.

Nevertheless, the Board considers this year to be a year of opportunity to further consolidate the Company's operations and optimally use the Company's resources to focus on growth.

Company Performance

The performance of the Company during the year under report registered a significant improvement over the previous year. Whilst Sales at Rs. 1949 Million during the year ended 31 December 2009 represent an increase of 7.7% over the previous year, PBT at Rs. 461 Million represent a 59% increase over the PBT of Rs. 290 Million in the previous year. The increase was mainly on account of improved capacity utilization, lower unit production costs and higher unit contribution.

Profit after tax at Rs. 316.2 Million was higher by 61% compared to the previous year.

Net cash flow from operating activities during the year at Rs. 404 Million was higher as compared to Rs. 197 Million during the previous year mainly as a consequence of better working capital management.

The Company envisages the implementation of a significant capital expenditure programme during the current year, mainly for fresh capacity creation, modernization and infrastructure creation.

The Company is also keen to act upon growth oriented inorganic strategies in its field of expertise. Its present market leadership, financial strength & discipline and the technological support of ALTANA AG, it is felt, should enable continued value creation.

Internal Control Systems

The Company has put in place an adequate system of internal controls. Detailed procedures have been developed, documented and implemented which encompass all the financial and operating functions within the Company. These controls have been designed based on a system of checks and balances, to provide a reasonable assurance with regard to appropriate accounting controls, monitoring of operations, protection of Company's assets from unauthorized use, ensuring compliance with applicable regulations as well as reliability of financial reporting.

Some salient features of the Internal Control systems are:

- (i) Corporate policies on accounting and major processes.
- (ii) Well defined processes for formulating and receiving annual and long term business plans.
- (iii) Preparation, review and monitoring of annual budgets for all operating functions.
- (iv) Monthly meetings of the Executive Management Committee at the apex level to review operational performance and business plans in key business areas.
- (v) Audit Committee of the Board of Directors comprising independent directors, which regularly reviews the audit plans, significant audit observations, adequacy of internal controls, compliance with applicable Accounting Standards as well as reasons for changes, if any, in accounting policies and practices.
- (vi) A comprehensive information security policy and periodic upgrades to the Company's IT Infrastructure.

Technical Management and Infrastructure Development

The Company believes that its long standing reputation for excellence in product quality is one of the key factors for its market leadership. Such a market standing is difficult to attain and challenging to retain over a long period, and only technological superiority, operational excellence and cost effectiveness can provide the competitive edge that is needed to succeed.

In anticipation of growing demand, the Company took timely measures to increase manufacturing capacity during the year under review. These include:

- Modification and enlargement of an existing reactor for producing phenolic and epoxy resins and its allied intermediates.
- Low cost modifications to mixing vessels and storage tanks aimed at enhancement of marginal capacity of wire enamels.
- Cost effective extension of Resin Plant and re-engineering of accessories for optimizing efficiencies in the manufacture of thinners and oven baked varnishes.

Besides the aforesaid, technical improvements in plant engineering and manufacturing processes by benchmarking with other overseas affiliates, is undertaken by the Company on an ongoing basis. A Technical Steering Committee and Operations Steering Committee respectively, established under the stewardship of ALTANA / ELANTAS, Germany, devote their efforts exclusively to ensuring that the production methods & processes are optimized in terms of cost and safety. The Company regularly participates in the deliberations by these Committees.

The Company thus continuously endeavours to reduce running costs, lower energy consumption, enhance plant effectiveness, improve EH & S Standards and raise product performance.

Environment Management and Occupational Health & Safety

The Company's core values on Safety & Occupational Health and Environment Stewardship permeate all its actions and continue to guide all its decisions and plans.

The Company is committed at all levels of management, through active and visible participation, to strengthen the processes of Environment, Health & Safety Management and takes all reasonable and practicable steps to protect the health and safety of its employees and the community, as well as ensure that the environment is not adversely affected by its products and processes.

During the year under review, the Company obtained certification from TÜV Nord for the Occupational Health and Safety Management System implemented by it.

Consequently, the Company now holds accreditations for its Quality Management System (ISO 9001-2000), Environment Management System (ISO 14001) and Occupational Health & Safety Management System (OHSAS 18001-2007). It is now the Company's aim to implement an Integrated Management System during the current year, in order to facilitate the adoption of an integrated approach towards managing these multiple systems efficiently.

Research & Development

Investments in the process of innovation and R&D continued as before, during the year under review. The Company's commitment to R&D was strengthened by investing in establishing a new laboratory for research in the area of electrical and electronic compounds as well as in the recruitment of qualified researchers during the year under review.

The R&D team was keenly engaged in supporting the Company's technologies through multifold activities in order to maintain a technological edge and provide effective solutions to customers.

The process of innovation is the life blood of the Company's operations. R&D is that vital element in the business of Specialty Chemicals which creates value through continuous development and improvement of new products and solutions that meet

customer requirements. This is undertaken by adopting a problem solving approach and collaborating with customers, external business partners and research institutions. The Company's active participation in Global R&D initiatives being managed under the aegis of ALTANA AG also enable it to have access to the most recent technological developments in the processing, application and end-use of speciality products.

Human Resources/ Industrial Relations

The Company believes that the key to its success lies in creating and nourishing a pool of talent within its people whose skills, expertise and experience provide the impetus towards market leadership. Also, the dedication, commitment and aspirations of its employees provide the fuel for excellence in performance. The Company's Human Resources Management Team continuously endeavours to suitably adapt and implement within the Company, the human resource management practices followed by ALTANA AG.

During the year under review, the Company's employees actively participated in an Employee Engagement Survey carried out under the stewardship of ALTANA AG. This survey was aimed at identifying areas for enhancement in employee engagement and commitment. The areas so identified have already been adopted for implementation within the Company.

Industrial relations with the employees at all the Company's locations continued to be harmonious and positive.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be interpreted as "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to Company's operations include economic conditions affecting demand / supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.

For and on behalf of the Board

Pune
16 February 2010

Suresh Talwar
Director

Rajeev Bhide
Managing Director

Report on Corporate Governance

ELANTAS Beck India Limited

1. ELANTAS Beck's Philosophy on Corporate Governance:

The Company believes that Corporate Governance is a systematic process of blending deliberate corporate practices with regulatory compliances, for controlling and managing the organization in the most effective way.

Good Corporate Governance, the Company strongly believes, ensures transparency, full disclosure, greater accountability and fairness to all stakeholders. Towards this, the Company continues to focus its energies and resources in order to enhance the trust of all its stakeholders.

2. Board of Directors

(a) Composition and functioning:

During the year under review, Mr. Martin Babilas and Dr. Guido Forstbach resigned from the position of the Directors of the Company with effect from 23 March 2009.

Mr. Suresh Talwar resigned as Alternate Director to Dr. Matthias Wolfgruber with effect from 23 March 2009 and was appointed as Additional Director with effect from that date. In the Annual General Meeting held on 1 June 2009, Mr. Suresh Talwar was appointed as the Director of the Company whose period of office was liable to determination by retirement of directors by rotation.

Mr. Prashant Deshpande resigned as Alternate Director to Dr. Wolfgang Schütt with effect from 23 March 2009 and was appointed as Alternate Director to Dr. Matthias Wolfgruber from that date.

Mr. Sharadkumar Shetye ceased to be an Alternate Director to Dr. Guido Forstbach with effect from 23 March 2009 and was appointed as Alternate Director to Dr. Wolfgang Schütt from that date.

Consequent to this, the Board now comprises of six Directors. Dr. Matthias Wolfgruber is the Non-Executive Chairman and Mr. Rajeev Bhide is the Managing Director. Dr. Wolfgang Schütt is Non-Executive Overseas Director. Mr. Ravindra Kulkarni, Mr. Pradeep Mallick and Mr. Suresh Talwar are Non-Executive Independent Directors. Mr. Prashant Deshpande and Mr. Sharadkumar Shetye, while being Executive Directors in the wholetime employment of the Company, are also Alternate Directors to Dr. Matthias Wolfgruber and Dr. Wolfgang Schütt respectively.

The composition of the Board is in compliance with the requirements of the revised Clause 49 of the Listing Agreement as on 31 March 2009.

The Managing Director and the Executive Directors are involved in the day-to-day management of the Company, while the Non-Executive Directors bring in the external perspective and independence in decision making.

The composition of the Board and number of other Companies / Committees on which the Director of the Company is a Director / Member / Chairman:

Name of Director	Other Directorships	Other Committee Memberships (including Chairmanships) #	Other Committee Chairmanships #
Dr. Matthias Wolfgruber *	-	-	-
Dr. Wolfgang Schütt *	-	-	-
Mr. Ravindra Kulkarni **	8	5	1
Mr. Pradeep Mallick **	11	7	2
Mr. Suresh Talwar **	52	11	4
Mr. Rajeev Bhide ***	-	-	-
Mr. Prashant Deshpande *** (Alternate to Dr. Matthias Wolfgruber)	-	-	-
Mr. Sharadkumar Shetye *** (Alternate to Dr. Wolfgang Schütt)	-	-	-

Note: Mr. Martin Babilas and Dr. Guido Forstbach resigned from the position of the Directors of the Company with effect from 23 March 2009. They held no other directorships, respectively.

* Non-Executive Director ** Non-Executive Director-Independent *** Executive Director

Memberships of Audit Committee and Shareholders cum Investors' Grievance Committee of all Public Limited Companies have been considered.

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(b) Meetings and Attendance:

- (i) During the financial year ended 31 December 2009, five Board meetings were held on 22 January, 18 April, 20 July, 10 August and 22 October.
- (ii) The Directors attended the meetings as follows:

Name of Director	Meetings held during the tenure of Director	Meetings attended	Last AGM
Dr. Matthias Wolfgruber	5	1	No
Dr. Wolfgang Schütt	5	1	No
Mr. Suresh Talwar	5	4 *	Yes
Mr. Pradeep Mallick	5	4	Yes
Mr. Ravindra Kulkarni	5	5	Yes
Mr. Rajeev Bhide	5	5	Yes
Mr. Prashant Deshpande	5	4 *	Yes
Mr. Sharadkumar Shetye	5	5	Yes

* Attended by invitation on 22.01.2009

(c) Information placed before the Board:

The following information *inter alia* is generally furnished to the Board on a periodic basis for review:

- annual operating business plans, Capital & Revenue budgets and updates thereto
- business performance and financial results on a quarterly basis
- business environment and relevant industry analysis
- investment of operating surpluses in mutual funds and its performance
- quarterly results of the Company including its segment-wise break-up
- appointment of statutory, internal and cost auditors
- observations of the internal auditor and issues related to internal controls and business process improvement
- minutes of the Audit Committee Meetings and of other committees
- position of accounts receivable, inventories and other significant items of working capital
- any materially significant default in discharge of financial obligations by and towards the Company
- status of pending litigations by and against the Company and position of contingent liabilities
- materially important show cause, demand and penalty notices
- significant developments in the area of human resources management and industrial relations
- details of the insurance programme implemented by the Company
- related party transactions for approval
- issue / revocation of Power of Attorney
- significant capital expenditure projects
- information on other relevant matters requiring the approval of the Board.

The Board is presented with the above information as and when it becomes materially significant for an effective review. These are either furnished as a part of the agenda papers sent in advance of the Board Meetings, or are tabled / presented for discussion in the course of the proceedings of the Board Meetings or meetings of the relevant Committees.

(d) Remuneration Policy:

Within the overall limits fixed by the shareholders in a General Meeting, the Board decides the remuneration of Executive Directors. Remuneration comprises basic salary, perquisites and performance based incentive, which is decided annually by the Board taking into consideration the Company's performance against financial targets and non-financial objectives as well as the performance of the individual concerned against individual objectives agreed during the course of the year.

The remuneration levels are governed by industry pattern, qualifications and experience of the employee, responsibilities shouldered, individual performance and Company performance. The objectives of the remuneration policy are to motivate employees to excel, recognize and reward merit, and retain talent within the organization.

Details of remuneration of Executive Directors for the year ended 31 December 2009:

(Rs. Lakh)

Name and Designation	Salary	Perquisites	Performance Salary	Retirement benefits	Total	Term of Appointment
Mr. Rajeev Bhide (Managing Director)	16.46	12.48	16.50	4.26	49.70	3 Years from 1 August 2008
Mr. Prashant Deshpande (Director-Marketing)	15.48	11.03	12.38	3.99	42.88	1 Year from 28 May 2009
Mr. Sharadkumar Shetye (Director-Manufacturing)	13.83	9.43	12.37	3.54	39.17	1 Year from 28 May 2009
Total:	45.77	32.94	41.25	11.79	131.75	

Notes:

- (1) The above excludes accrual for employee benefits as the amount pertaining to the Directors is not separately ascertainable as the accrual / contribution is done for the Company as a whole on the basis of an actuarial valuation.
- (2) The Company does not have a Stock Option Scheme.
- (3) Notice period for severance of agreement with the Executive Directors & Managing Director is six months. However, no severance fees are payable.

The Board of Directors decides the remuneration of Non-Executive Directors, which comprises sitting fees and commission based on the net profits of the Company. As approved by the members, commission is limited to 1 % of the net profits of the Company.

Details of remuneration of Non-Executive Directors for the year ended 31 December 2009:

Name	Sitting fees (Rs.)	Commission (Rs.)
Mr. Suresh Talwar	70,000	250,000
Mr. Ravindra Kulkarni	90,000	250,000
Mr. Pradeep Mallick	70,000	250,000
Total:	230,000	750,000

3. Board Committees:

The Board currently has two committees: the Audit Committee and the Share Transfer cum Investors' Grievance Committee. The Board is responsible for constituting, assigning and co-opting the Members of the Committees.

(a) Audit Committee:

During the financial year ended 31 December 2009, 4 Audit Committee meetings were held on 22 January, 18 April, 20 July and 22 October.

The Audit Committee comprises of Mr. Ravindra Kulkarni (Chairman), Dr. Wolfgang Schütt, Mr. Suresh Talwar and Mr. Pradeep Mallick. All members of the Audit Committee are Non-Executive Directors.

All the Members of the Audit Committee are financially literate with some having accounting or related financial management expertise.

The Managing Director, General Manager-Finance & Materials, representatives of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee meetings. The Company Secretary is the Secretary of the Committee.

The Audit Committee ensures that the internal controls within the Company and financial reporting processes are robust. It regularly reviews the Financial Statements on a quarterly and yearly basis and periodically meets to review and discuss, *inter-alia*, related matters such as:

- financial reporting system, internal control systems and internal control procedures in the Company,
- reports of both Statutory Auditors and Internal Auditors,
- Internal Audit Programme and procedures and its approval and implementation,
- findings and recommendations of the Internal Auditors and the extent of their implications,
- compliance with regulatory guidelines,
- compliance with respect to Clause 49 of the Listing agreement,
- position of overdue/ doubtful book debts and action plans for collection,
- other activities included in the scope of the Audit Committee and forming part of the Terms of Reference approved by the Board of Directors.

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The Audit Committee is at liberty to meet the operating management in order to review the operations of the Company. The minutes of the Audit Committee meetings are circulated to the Board, discussed and taken note of.

The Members attended the meetings as follows:

Name of the Member	Meetings held during the tenure of Member	Meetings attended
Mr. Ravindra Kulkarni	4	4
Dr. Wolfgang Schütt	3	1 *
Mr. Pradeep Mallick	4	3
Mr. Suresh Talwar	4	3

* Attended by invitation on 22.01.2009

(b) Share Transfer cum Investors' Grievance Committee:

(i) Composition: The Share Transfer cum Investors' Grievance Committee (STIGC) comprises of Mr. Ravindra Kulkarni (Chairman), Mr. Rajeev Bhide, Mr. Prashant Deshpande and Mr. Sharadkumar Shetye. STIGC deals with all matters relating to shareholders / investors complaints in addition to the approval of transfer / transmission of shares, issue of duplicate certificates and issuance of certificates after split / consolidation / renewals thereof. In the absence of the Chairman, the members present elect one amongst themselves to chair the meeting of the Committee. During the year ended 31 December 2009, thirteen meetings of the STIGC were held. As of 31 December 2009, there were no unresolved investor complaints pending and no shares pending transfer.

Mr. Shirish Dabir, Company Secretary & Head-Legal is designated as the Compliance Officer.

(ii) Complaints:

1	Number of Investor Complaints received during the period 1 January 2009 to 31 December 2009:	1
2	Number of Investor Complaints resolved during the period 1 January 2009 to 31 December 2009:	1
3	Number of Investor Complaints pending at the end of the period 1 January 2009 to 31 December 2009:	0
4	Number of SEBI registered Investor Complaints pending unresolved as at 31 December 2009:	0

4. Other Information:

(a) Code of Conduct:

The Company has drawn up a Code of Conduct for Directors and Senior Managers which has been adopted by the Board and posted on the Company's website as well as the Company's intranet for employees.

(b) Risk Management:

The Company reviews its risk management systems and processes from time to time. The findings are discussed from time to time at the meetings of the Audit Committee and the Board of Directors. The Company has put in place a comprehensive Enterprise Risk Management Manual which contains an in-depth evaluation and assessment of the adequacy of its risk management systems in various areas of risks. The Company has categorized its risks into three major categories viz. Financial, Strategic, and Operational risks. The Company also periodically reviews the risks like Fire & Explosion, Effluent/Gas leakages, Use of Wrong Materials, Accidents and Liability Suits.

(c) General Body Meetings:

(i) Location & time of Annual General Meetings:

Financial Year ended	Date	Time	Place
31 December 2006	29 May 2007	3.00 p.m.	'Sunflower II', 30 th Floor, World Trade Centre, Cuffe Parade, Mumbai.
31 December 2007	26 May 2008	4.00 p.m.	
31 December 2008	1 June 2009	4.00 p.m.	

(ii) The following are the Special Resolutions passed at the Annual General Meetings held in the past 3 years:

AGM held on	Special Resolutions
29 May 2007	<ul style="list-style-type: none"> ● Change in name of the Company from 'Beck India Limited' to 'ELANTAS Beck India Limited'. ● De-listing of shares of the Company from Pune Stock Exchange.
26 May 2008	<ul style="list-style-type: none"> ● Remuneration by way of commission to the Non-whole-time Directors upto Financial Year ending on 31 December 2012, in addition to the sitting fees for each meeting attended by them.
1 June 2009	<ul style="list-style-type: none"> ● Deletion of Articles 49 and 193 of the Articles of Association of the Company.

(iii) All resolutions moved at the Annual General Meetings were passed by a show of hands by the requisite majority of members attending the meetings.

(iv) No special resolutions on matters requiring Postal Ballot, as recommended under Clause 49 of the Listing Agreement have been passed.

(d) Postal Ballot

During the year, the Company sought shareholders' approval by Special Resolutions through Postal Ballot for :

- (i) shifting the Registered Office of the Company from Mumbai to Pune & consequential alteration in Clause II of the Memorandum of Association of the Company; and
- (ii) delisting its equity shares from Bombay Stock Exchange Ltd.

The aforesaid resolutions were passed with requisite majority.

The Company had complied with all the necessary formalities in respect of the Postal Ballot pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, and in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Regulations") and pursuant to Regulation 8(1)(b) of the Regulations.

(e) Disclosures:

In terms of the requirements of Accounting Standard 18 on Related Party Disclosures issued by the Companies (Accounting Standard) Rules, 2006, transactions with related parties have been adequately disclosed in the notes to accounts forming part of the Balance Sheet as at 31 December 2009. There were no transactions of material nature with the Directors or the management or their subsidiaries or relatives during the year that might have potential conflict with the interests of the Company.

There were no instances of non-compliance by the Company and no penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter relating to the capital markets, during the last three years.

There have been no instances of any personnel seeking access to the Audit Committee.

The Company is complying with the mandatory requirements and adoption of the non-mandatory requirements under Clause 49.

(f) Means of Communication:

The quarterly and annual financial results of the Company are announced within the stipulated period from the end of the respective quarter and are published in leading newspapers.

5. General Shareholders' Information:

(a) Company Registration details:

The Company is registered in the State of Maharashtra, India under the jurisdiction of Registrar of Companies, Pune. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24222PN1956PL134746.

(b) 54th Annual General Meeting:

Day, Date & Time	Thursday, 6 May 2010 at 2.30 p.m.
Place	Hall No.4, 'A' Wing, 5 th Floor, MCCIA Trade Tower, ICC Complex, Senapati Bapat Road, Pune-411 016.
Dates of Book Closure	From Friday, 30 April 2010 to Thursday, 6 May 2010 (both days inclusive).
Dividend payment date	On or after 7 May 2010, if declared in the Annual General Meeting on 6 May 2010, within the stipulated statutory period.

(c) Unclaimed dividends:

- (i) Pursuant to Sections 205A and 205C of the Act, all unclaimed/unpaid dividend remaining unclaimed/unpaid for a period of seven years from the date they become due for payment, have to be transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government.

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(ii) Following table gives information relating to outstanding dividend accounts and dates when they become due for transfer to IEPF in the year 2011.

Financial Year	Dividend payment date	Proposed date for transfer to IEPF *
Interim Y 2003	05.04.2004	05.04.2011

* Indicative dates and actual dates may vary.

(iii) In case of non receipt/ non encashment of dividend warrants pertaining to the above dividend payment dates and thereafter, Members are requested to correspond with the Company.

(d) Company's financial year:

1 January to 31 December

(e) Listing on Stock Exchanges:

The Company's shares are listed on the Bombay Stock Exchange Limited (BSE).

During the year, based on the decision taken and communicated by its Promoter viz. ELANTAS GmbH, Germany, the Company approached BSE for delisting its share from the exchange in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Regulations"), and received its in-principle approval.

Subsequently, the Company invited bids from public shareholders to participate in the bid process by Reverse Book Building Method in pursuance of the Regulations and the bid process ended on 15 January 2010. However, since the total number of equity shares tendered in the reverse book building process was less than the minimum number of equity shares required to be tendered for the Delisting Offer to be successful, the Delisting Offer failed.

The Company thus continues to remain listed on BSE.

The Company has paid the listing fees for the period 1 April 2009 to 31 March 2010.

(f) Stock Performance:

The monthly High/Low and Closing prices of the equity shares of the Company:

Year 2009	Price of Equity Shares of the Company			Sensex		
	High (Rs.)	Low (Rs.)	Close (Rs.)	High	Low	Close
January	179.45	144.55	162.95	10,469.72	8,631.60	9,424.24
February	164.70	153.00	158.80	9,724.87	8,619.22	8,891.61
March	167.00	150.10	161.50	10,127.09	8,047.17	9,708.50
April	197.00	157.00	185.60	11,492.10	9,546.29	11,403.25
May	219.95	177.00	218.40	14,930.54	11,621.30	14,625.25
June	241.85	195.00	209.00	15,600.30	14,016.95	14,493.84
July	272.95	192.00	255.00	15,732.81	13,219.99	15,670.31
August	465.00	250.00	429.25	16,002.46	14,684.45	15,666.64
September	460.00	411.00	450.30	17,142.52	15,356.72	17,126.84
October	499.90	427.00	465.00	17,493.17	15,805.20	15,896.28
November	492.00	431.00	471.00	17,290.48	15,330.56	16,926.22
December	505.00	465.15	472.40	17,530.94	16,577.78	17,464.81

Stock Code: BSE – 500123. ISIN Number for NSDL & CDSL - INE 280B01018

(g) Share Transfer System:

The share transfers received in physical form are processed by the Registrar and Transfer Agent and approved by the Share Transfer cum Investors' Grievance Committee of the Company which usually meets twice in a month or more depending upon the volume of transfers. The share certificates are returned to the member/s within the stipulated period, subject to the documents being valid and complete in all respects. A summary of transfer/ transmission of shares of the Company so approved is placed at every Board Meeting.

(h) Registrars and Share Transfer Agents:

Sharepro Services (India) Pvt. Ltd., Mumbai, are the Share Transfer Agents (STA) of the Company. The STA also handles transactions of shares in electronic form as depository interface for the Company.

(i) Dematerialisation:

As of 31 December 2009, 7725836 shares i.e. 97.45 % of the Company's total issued, subscribed and paid-up capital were held in dematerialised form.

(j) Distribution of Shareholding as of 31 December 2009:

Share holding	No. of shareholders	No. of shares	% to total
Less than 500	4343	458307	5.78
501 to 1000	97	74382	0.94
1001 to 2000	44	62212	0.78
2001 to 3000	12	30144	0.38
3001 to 4000	6	21301	0.27
4001 to 5000	6	26586	0.34
5001 to 10000	12	91155	1.15
10001 and above	9	7163595	90.36
Total:	4529	7927682	100.00

(k) Shareholders' Profile as on 31 December 2009:

Class of Shareholder	No. of shares	% to total
Promoters' Group	7020316	88.55
Mutual Funds and UTI	6261	0.08
Banks, Financial Institutions, Insurance Companies	29536	0.37
Private corporate bodies	186631	2.36
Individuals (including NRIs: 7944 shares)	684938	8.64
Total	7927682	100.00

(l) Plant Locations, Registered Office and address for correspondence:

(i) Plant Locations: The Company's plants are located at two places as indicated below:

- 147, Mumbai-Pune Road, Pimpri, Pune – 411 018, Maharashtra. [Tel: (020) 30610600]
- Plot No.1 (A, B & C) & 122, GIDC Industrial Area, Ankleshwar – 393 002
Dist: Bharuch, Gujarat. [Tel: (02646) 304736]

(ii) Registered Office:

'Beck House', Damle Path, Off Law College Road, Pune – 411 004

Tel: (020) 30210600/700

(previously situated at 407-A, 'Arcadia', Nariman Point, Mumbai 400021. Changed by virtue of the Order of Regional Director, Western Region, Ministry of Corporate Affairs, Government of India)

(iii) Address for correspondence:

In respect of transactions relating to shares:

Sharepro Services (India) Pvt. Ltd.

Sam Hita Warehousing Complex,

Warehouse No 52 & 53, Plot No 13AB,

2nd Floor, Sakinaka, Andheri (East),

Mumbai-400072

Tel: (022) 67720400/347

Fax: (022) 67720416

In respect of any other matter:

ELANTAS Beck India Ltd.

'Beck House', Damle Path,

Off Law College Road, Pune – 411004

Tel: (020) 30210600/700

For and on behalf of the Board

Pune
16 February 2010

Suresh Talwar
Director

Rajeev Bhide
Managing Director

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Certificate of compliance with corporate governance requirements under Clause 49 of the Listing Agreement

To the Members of
ELANTAS Beck India Limited

We have examined the compliance of conditions of corporate governance by ELANTAS Beck India Limited ("the Company") for the year ended 31 December 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the information and explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B S R & Co.
Chartered Accountants

Juzer Miyajiwala
Partner

Pune
16 February 2010

Membership No.: 047483

Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement.

We, Rajeev Bhide, Managing Director and, Sanjay Kulkarni, General Manager- Finance & Materials, in our capacity as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of the Company hereby certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31 December 2009 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For ELANTAS Beck India Ltd.

Pune
16 February 2010

Rajeev Bhide
Managing Director/CEO

Sanjay Kulkarni
General Manager - Finance
& Materials / CFO

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Code of Conduct.

In accordance with Clause 49 I (D) (ii) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended 31 December 2009.

For ELANTAS Beck India Ltd.

Pune
16 February 2010

Rajeev Bhide
Managing Director

Auditors' Report

To the Members of
ELANTAS Beck India Limited

We have audited the attached Balance Sheet of ELANTAS Beck India Limited ('the Company') as at 31 December 2009, the related Profit and Loss account and the Cash Flow statement of the Company for the year ended on that date, annexed thereto. These financial 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.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

2. Further to our comments in the Annexure referred to above, we report that:

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
- b) 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 those books;
- c) the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, the Profit and Loss account and the Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors of the Company, as on 31 December 2009 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31 December 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- f) in our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2009;
 - ii) in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

For B S R & Co.

Chartered Accountants

Juzer Miyajiwala

Partner

Membership No.: 047483

Pune

16 February 2010

Annexure to the Auditors' Report - 31 December 2009

With reference to the Annexure referred to in paragraph 1 of the Auditors' Report to the Members of the Company on the financial statements for the year ended 31 December 2009, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

Annexure to Auditors' Report – 31 December 2009 (Continued)

2. (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and with regard to the sale of goods and for purchases of certain items of inventories which are for the Company's specialised requirements, suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable. The activities of the Company do not involve any sale of services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder / the directives issued by the Reserve Bank of India (as applicable) with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal (as applicable) or Reserve Bank of India or any court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of resins (excluding natural resins) and varnishes and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Sales-tax, Service tax, Custom duty, Excise duty, Cess, Investor Education and Protection Fund and other material statutory dues have been generally regularly deposited by the Company with the appropriate authorities.

There were no dues on account of Cess under Section 441A of the Companies Act, 1956 since the aforesaid Section has not yet been made effective by the Central Government. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth Tax, Service tax, Custom duty, Excise duty, Cess, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 December 2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise duty and Cess, other than the dues listed in Appendix I, which have not been deposited by the Company on account of disputes.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Annexure to Auditors' Report – 31 December 2009 (Continued)

13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies, firms or parties covered in the register maintained under Section 301 of the Companies Act 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues.
21. According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the course of our audit.

For B S R & Co.
Chartered Accountants
Juzer Miyajiwala
Partner
Membership No.: 047483

Pune
16 February 2010

Appendix I to the Auditors' Report

Sr. no.	Name of the Statute	Nature of the Dues	Amount (Rs. in thousand)	Period to which the amount relates	Forum where dispute is pending
1	Central Excise Act, 1944	Demand of duty on copper scrap	93	2004	Asst. Commissioner, Ankleshwar
			555	1990-1994	Commissioner (Appeals), Pune
		Denial of CVD on Safeguard Duty	62	2001-2003	Dy. Commissioner, Ankleshwar
		Denial of Modvat Credit on certified copy of Bill of exchange (PTBP)	93	1997	Asst. Commissioner, Ankleshwar
		Education cess on exports	21	2004	Dy. Commissioner, Pune
		Modvat on repacking activity	4,956	1994-1997	Dy. Commissioner, Pune
		Valuation under CAS - 4	277	2000-2004	Commissioner (Appeals), Pune
2	Sales Tax	Rate of sales tax on Wire Enamels and Varnishes	7465	1999-2000	Maharashtra Sales Tax Tribunal, Mumbai
			7811	2002-2004	Sales Tax Officer, Delhi
		Non submission of forms at the time of assessment	2,782	1995-1997, 1998-1999	Commissioner of Sales Tax, Delhi
			18,706*	2002-2004, 2006-2007	Sales Tax Officer, Delhi
3	Finance Act, 1994	CENVAT credit claimed on the basis of letters	7,505	2005-2008	Commissioner (Appeals), Mumbai
		Service tax credit on outward freight	4,221	2005-2008	Commissioner (Appeals), Mumbai

* Forms have been submitted along with the appeal

Balance Sheet as at 31 December 2009

(Currency : Indian Rupees, 000)

	Notes	2009	2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	2	79,277	79,277
Reserves and surplus	3	1,285,374	1,010,914
		1,364,651	1,090,191
Deferred tax liability (net)	4	15,091	13,238
		1,379,742	1,103,429
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	573,425	490,545
Less : Accumulated depreciation / amortisation		252,193	222,244
Net block		321,232	268,301
Capital work-in-progress (including capital advances)		3,386	13,720
		324,618	282,021
Investments	6	546,147	259,946
Current assets, loans and advances			
Inventories	7	321,120	368,759
Sundry debtors	8	269,727	242,272
Cash and bank balances	9	134,687	103,109
Loans and advances	10	48,755	59,382
		774,289	773,522
Less : Current liabilities and provisions			
Current liabilities	11	175,845	134,122
Provisions	12	89,467	77,938
		265,312	212,060
Net current assets		508,977	561,462
		1,379,742	1,103,429
Significant accounting policies	1		
Notes to the accounts	15-35		

The accompanying notes form an integral part of the Balance Sheet .

As per our report of even date attached.

For B S R & Co.

Chartered Accountants

For and on behalf of the Board of Directors

Juzer Miyajiwala

Partner

Membership No.: 047483

Pune, 16 February 2010

Shirish Dabir

Company

Secretary

Suresh Talwar

Director

Ravindra Kulkarni

Director

Dr Matthias Wolfgruber

Chairman

Dr. Wolfgang Schütt

Director

Rajeev Bhide

Managing Director

Profit and Loss Account for the year ended 31 December 2009

(Currency : Indian Rupees, 000)

	Notes	2009	2008
Income			
Sales (gross)		2,106,030	2,051,664
Less : Excise duty (including education cess)		157,026	241,814
Sales (net)		1,949,004	1,809,850
Other income	13	66,660	56,562
		2,015,664	1,866,412
Expenditure			
Manufacturing and other expenses	14	1,517,610	1,544,294
Depreciation / Amortisation	5	36,829	32,117
Interest costs		307	307
		1,554,746	1,576,718
Profit before tax		460,918	289,694
Less : Provision for tax			
- current tax (net)	15	142,418	93,308
- deferred tax (release) / charge		1,852	(1,403)
- fringe benefit tax		450	1,650
		144,720	93,555
Net profit		316,198	196,139
Balance brought forward		586,329	446,904
Amount available for appropriation		902,527	643,043
Appropriations :			
Proposed dividend (Final)		35,675	31,711
Dividend distribution tax		6,063	5,389
Transfer to general reserve		31,620	19,614
Balance carried forward		829,169	586,329
Basic and diluted earnings per share (Rs.)	31	39.89	24.74
Significant accounting policies	1		
Notes to the accounts	15-35		

The accompanying notes form an integral part of the Profit and Loss account.
As per our report of even date attached.

For B S R & Co.

Chartered Accountants

For and on behalf of the Board of Directors

Juzer Miyajiwala

Partner

Membership No.: 047483

Pune, 16 February 2010

Shirish Dabir

Company

Secretary

Suresh Talwar

Director

Ravindra Kulkarni

Director

Dr Matthias Wolfgruber

Chairman

Dr. Wolfgang Schütt

Director

Rajeev Bhide

Managing Director

Cash Flow Statement for the year ended 31 December 2009

(Currency : Indian Rupees, 000)

Particulars	2009	2008
A. Cash flow from operating activities :		
Profits before tax	460,918	289,694
Adjustments for:		
Depreciation / Amortisation	36,829	32,117
Interest expenses	307	307
Loss / (profit) on assets sold / scrapped (net)	22	1,439
Unrealised loss / (gain) on current investments	370	(199)
Loss / (profit) on sale of investments	(4,811)	(2,453)
Interest income	(10,342)	(11,564)
Dividend income	(15,452)	(10,072)
	6,923	9,575
Operating profits before working capital changes	467,841	299,269
(Increase) / Decrease in working capital		
Trade receivables	(27,455)	8,364
Inventories	47,639	34,701
Loans and advances(other than advance tax)	10,153	(3,604)
Current liabilities (other than unclaimed dividends)	41,671	(63,395)
Provisions (other than taxation and dividends)	3,337	3,031
Net changes in working capital	75,345	(20,903)
Cash generated from operations	543,186	278,366
Taxes paid	(138,839)	(91,703)
Net cash flow from / (used in) operating activities	404,347	186,663
B. Cash flow from investing activities :		
Purchase of fixed assets	(79,539)	(44,646)
Sale of fixed assets	91	577
Purchase of investments	(834,448)	(214,859)
Sale of investments	552,686	117,581
Long term fixed deposits placed	(221,038)	(84,200)
Long term fixed deposits matured	164,012	80,700
Interest received	10,342	11,564
Dividend received	15,452	10,072
Net cash generated from / (used in) investing activities	(392,442)	(123,211)
C. Cash flow from financing activities :		
Interest paid	(307)	(307)
Dividend paid (including tax on dividend)	(37,046)	(36,799)
Net cash generated from / (used in) financing activities	(37,353)	(37,106)
D. Net increase / (decrease) in cash and cash equivalents	(25,448)	26,346
Cash and cash equivalents		
At the beginning of the year	69,521	43,175
At the end of the year	44,073	69,521

Fixed deposits with banks having original maturity of more than three months aggregating to Rs 90,614 (Previous year Rs 33,588) are not readily liquid and have been excluded from Cash and cash equivalents. (Refer note 9 & note 34)

The Company has undrawn working capital facilities of Rs. 82,500 (Previous year : Rs 122,500)

The accompanying notes form an integral part of the Cash Flow statement.

As per our report of even date attached.

For B S R & Co.

Chartered Accountants

Juzer Miyajiwala
Partner
Membership No.: 047483
Pune, 16 February 2010

Shirish Dabir
Company
Secretary

For and on behalf of the Board of Directors

Suresh Talwar
Director

Dr Matthias Wolfgruber
Chairman

Ravindra Kulkarni
Director

Dr. Wolfgang Schütt
Director

Rajeev Bhide
Managing Director

Notes to the financial statements for the year ended 31 December 2009

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards (AS) issued by the Companies (Accounting Standard) Rules , 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest thousand.

1.2 Accounting estimates

The preparation of financial statements in conformity with the generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is prospectively recognised in current and future periods.

1.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets includes non refundable taxes and duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Depreciation on fixed assets is provided on the straight line method, in the manner and as per the rates specified in Schedule XIV to the Companies Act, 1956 except for assets costing Rs. 5,000 or less, which are depreciated fully in the year of purchase. Leasehold land is amortised over the remaining period of the lease.

Assets retired from active use and held for disposal are stated at the lower of cost or net realizable value less costs of disposal.

Advances paid towards acquisition of fixed assets outstanding at each Balance Sheet date and the cost of fixed assets not ready for their intended use at the Balance Sheet date are disclosed under capital work-in-progress.

1.4 Intangible assets and amortization

Intangible assets are recognized when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured. Intangible assets are recorded at their acquisition price and are amortised over their estimated useful lives on a straight line basis, commencing from the date the assets are available for use. The useful life of the intangible assets is reviewed by the management at each Balance Sheet date. Computer software is amortised over the period of 3 years and other intangibles over a period of 5 years.

1.5 Impairment of assets

In accordance with AS 28-Impairment of Assets , the carrying amounts of the Company's assets including intangible assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is assessed at the recoverable amount subject to a maximum of depreciable historical cost.

1.6 Investments

Investments that are readily realizable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long term investments.

Long term investments are stated at cost less any other- than- temporary diminution in value, determined separately for each individual investment. Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Notes to the financial statements for the year ended 31 December 2009 (Continued)

1.7 Inventories

Inventories are stated at lower of cost and net realizable value.

The cost is determined on the basis of Weighted Average method and includes expenditure in acquiring the inventories and bringing them to their existing location and condition. Materials-in-transit are stated at purchase cost.

In the case of manufactured inventories, cost includes an appropriate share of production overheads. Finished goods inventory includes excise duty payable.

Net realizable value is the estimated net sales realization in the ordinary course of business. The comparison of cost and net realizable value is made on an item-by-item basis.

The net realizable value of work-in-progress is determined with reference to the net sales realization of related finished goods.

Raw materials and other supplies held for use in production of finished goods are not written down below cost, except in cases where the material prices have declined and it is estimated that the cost of the finished goods will exceed their net realizable value. In such cases, the materials are valued at the lower of replacement cost or ultimate net realizable value.

1.8 Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which is at the point of shipment or dispatch of goods. Sales are accounted net of amounts recovered towards sales tax and trade discounts.

Export incentives receivable are accrued for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection of export proceeds.

Interest income is recognised on a time proportion basis. Dividend income from investments is recognised when an unconditional right to receive payment is established.

1.9 Employee benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service.

(b) Post-employment benefits

(i) Defined contribution plans: The Company's superannuation scheme and state governed provident fund scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

(ii) Defined Benefit Plans: The employees' gratuity fund scheme and cash rewards at the time of retirement are the Company's defined benefit plans. The present value of the obligation under each defined benefit plan is determined based on actuarial valuation at each Balance Sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans are based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Notes to the financial statements for the year ended 31 December 2009 (Continued)

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested. To the extent the benefits vests immediately, the expense is recognized immediately in Profit and Loss account. Actuarial gains and losses are recognised immediately in the Profit and Loss account.

(c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences, long service awards etc. is recognised in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

When the benefits of a plan are improved, the portion of increased benefit relating to past service by employees is recognized immediately in Profit and Loss account.

1.10 Foreign exchange transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arising on account of such translation and subsequent realization / settlement of foreign exchange transactions are recognized in the Profit and Loss account.

1.11 Taxes on Income

Income tax expense comprises fringe benefit tax, current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

1.12 Earnings Per Share ('EPS')

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive.

1.13 Provisions and Contingencies

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.14 Leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating lease are recognised as an expense in the Profit and Loss account on a straight – line basis over the lease term. Lease income under operating lease is recognised in the Profit and Loss account on a straight – line basis over the lease term.

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
2. Share capital		
Authorised :		
15,000,000 (previous year 15,000,000) equity shares of Rs. 10 each	150,000	150,000
Issued, subscribed and fully paid-up :		
7,927,682 (previous year: 7,927,682) equity shares of Rs.10 each	79,277	79,277
Of the above :		
(a) 78,529 (previous year: 78,529) equity shares of Rs 10 each are allotted as fully paid-up pursuant to a contract without payment being received in cash;		
(b) 840,000 (previous year: 840,000) equity shares of Rs 10 each have been issued pursuant to the Scheme of Amalgamation with erstwhile Schenectady India Ltd. without payment being received in cash;		
(c) 5,628,010 (previous year: 5,628,010) equity shares of Rs 10 each are allotted as fully paid-up by way of bonus shares by capitalisation of reserves;		
(d) 7,020,316 (previous year :7,020,316) equity shares of Rs 10 each are held by the holding company ELANTAS GmbH, a wholly owned subsidiary of ALTANA Chemie GmbH.		
3. Reserves and surplus		
Share premium account	69,518	69,518
Capital reserve (subsidy)	4,000	4,000
General reserve	351,067	331,453
Add : Amount transferred from Profit and Loss account	31,620	19,614
	382,687	351,067
Profit and Loss account	829,169	586,329
	1,285,374	1,010,914
4. Deferred tax liability (net)		
Deferred tax liability :		
Difference between book and tax depreciation/ amortisation	28,770	26,576
Gratuity	1,302	623
	30,072	27,199
Deferred tax asset :		
Provision for doubtful debts	1,901	2,015
Provision for other employee benefits	13,080	11,946
	14,981	13,961
	15,091	13,238

5. Fixed assets

(Currency : Indian Rupees, 000)

Description	Gross block			Depreciation / Amortisation				Net block		
	As at 1.1.2009	Additions	Deductions	As at 31.12.2009	As at 1.1.2009	For the period	On deductions	As at 31.12.2009	As at 31.12.2009	As at 31.12.2008
Tangible assets:										
Freehold land	35,483	-	-	35,483	-	-	-	-	35,483	35,483
Leasehold land	1,127	-	-	1,127	196	14	-	210	917	931
Buildings and roads	81,274	12,025	-	93,299	22,968	1,901	-	24,869	68,430	58,306
Plant and machinery	301,871	12,785	6,308	308,348	170,412	19,760	6,280	183,892	124,456	131,459
Furniture and fixtures	8,747	140	112	8,775	6,324	556	97	6,783	1,992	2,423
Motor vehicles	16,313	1,154	573	16,894	4,493	1,563	503	5,553	11,341	11,820
Intangible assets :										
Goodwill	7,537	2,999	-	10,536	2,903	1,681	-	4,584	5,952	4,634
Technical Know-How	25,523	48,848	-	74,371	9,832	7,981	-	17,813	56,558	15,691
Trademarks	10,507	11,725	-	22,232	4,047	2,790	-	6,837	15,395	6,460
Computer Softwares	2,163	197	-	2,360	1,069	583	-	1,652	708	1,094
Total	490,545	89,873	6,993	573,425	222,244	36,829	6,880	252,193	321,232	268,301
Previous year	459,398	36,049	4,902	490,545	193,013	32,117	2,886	222,244		
Capital work-in-progress (including capital advances)									3,386	13,720
TOTAL									324,618	282,021

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
6. Investments		
a. Long term investments (at cost, unless otherwise stated)		
Unquoted investments		
98,576 (previous year : 92,576) equity shares of Rs. 10 each fully paid up in Bharuch Eco Aqua Infrastructure Limited	986	986
Quoted investments		
33,604 (previous year : 33,604) equity shares of Rs.10 each fully paid-up in Roplas (India) Limited	235	235
Less : Provision for diminution in value of investment	235	235
	-	-
50 (previous year 50) equity shares of State Bank of India of Rs.10 each fully paid-up at a premium of Rs. 90 per equity share	5	5
b. Current investments (at lower of, cost and fair market value)		
<u>Investments in mutual funds</u>		
3,620,107.113 units (previous year 1,973,017.974) of Birla Sun Life Savings Fund-Instl.- Weekly Dividend-Reinvestment of face value Rs. 10 per unit	36,219	19,763
3,548,765.731 units (previous year 3,084,077.397) of Birla Sun Life Short Term Fund- Institutional Growth of face value Rs. 10 per unit	36,449	31,449
Nil units (previous year 2,446,143.013) of Templeton Floater STP - Div. Reinv. of face value Rs. 10 per unit	-	24,531
Nil units (previous year 1,250,000.000) of Templeton Fixed Horizon Fund - Series IX - Plan B of face value Rs. 10 per unit	-	12,500
993,171.955 units (previous year Nil) of HSBC Floating Rate - Long Term Plan - Institutional Option - Weekly Dividend of face value Rs. 10 per unit	11,158	-
4,321,676.372 units (previous year Nil) of HSBC Floating Rate Fund - Long Term Plan - Institutional Option - Growth of face value Rs. 10 per unit	61,500	-
Nil units (previous year 2,599,557.434) of HSBC Floating Rate - Long Term Plan - Institutional Option - Monthly Dividend of face value Rs. 10 per unit	-	26,166
Nil units (previous year 2,187,540.805) of HSBC Ultra Short Term Bond Fund - Inst - Daily Dividend of face value Rs. 10 per unit	-	21,903
Nil units (previous year 5,009,297.634) of HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Daily Dividend of face value Rs. 10 per unit	-	50,251
6,296,025.970 units (previous year Nil) of HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Weekly Dividend of face value Rs. 10 per unit	63,091	-
839,159.065 units (previous year Nil) of HDFC Cash Management Fund -Treasury Advantage Plan - Retail - Growth of face value Rs. 10 per unit	16,500	-
Nil units (previous year 2,172,580.843) of DWS Ultra Short Term Fund - Regular Daily Dividend Plan of face value Rs. 10 per unit	-	21,758
5,981,025.749 units (previous year Nil) of IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C Weekly Div of face value Rs. 10 per unit	59,877	-
617,400.666 units (previous year Nil) of IDFC Money Manager Fund - Treasury Plan - Growth of face value Rs. 10 per unit	9,000	-
689,664.685 units (previous year Nil) of IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Growth of face value Rs. 10 per unit	10,000	-
500,000.000 units (previous year Nil) of IDFC FMP 13 months series - Plan B of face value Rs. 10 per unit	5,000	-

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
778,464.769 units (previous year Nil) of ICICI Prudential Flexible Income Plan Premium - Weekly Dividend of face value Rs. 100 per unit	82,077	-
7,518,247.051 units (previous year Nil) of Tata Floater Fund - Weekly Dividend of face value Rs. 10 per unit	75,796	-
Nil units (previous year 525,000.000) of Kotak FMP 14M series 3 - Institutional - Growth of face value Rs. 10 per unit	-	5,250
Nil units (previous year 1,012,500.000) of Kotak FMP 13M Series 3 Institutional - Growth of face value Rs. 10 per unit	-	10,125
Nil units (previous year 1,000,000.000) of Kotak FMP 12M Series 7 Institutional - Growth of face value Rs. 10 per unit	-	10,000
Nil units (previous year 500,000.000) of Kotak FMP 12M Series 8 Institutional - Growth of face value Rs. 10 per unit	-	5,000
2,860,379.164 units (previous year Nil) of Kotak Bond (Short Term) - Monthly Dividend of face value Rs. 10 per unit	28,793	-
1,829,593.275 units (previous year Nil) of Kotak Floater Long Term - Weekly Dividend of face value Rs. 10 per unit	18,437	-
2,252,942.866 units (previous year 1,488,034.514) of Kotak Floater Long Term - Growth of face value Rs. 10 per unit	31,259	20,259
	546,147	259,946
Aggregate cost of unquoted investments	986	986
Aggregate carrying cost of quoted investments	545,161	258,960
Aggregate market value of quoted investments	549,209	261,229

Current Investments acquired during the year (including dividend reinvestment) :

- 2,146,819.285 units of Birla Sun Life Savings Fund - Instl - Weekly Dividend-Reinvestment amounting to Rs. 21,486.
- 464,688.334 units of Birla Sun Life Short Term Fund -Institutional Growth amounting to Rs. 5,000.
- 45,497.911 units of Templeton Floater STP - Div. Reinv. amounting to Rs. 457.
- 6,777,335.647 units of HSBC Floating Rate - Long Term Plan - Institutional, Option - Weekly Dividend amounting to Rs. 76,160.
- 4,321,676.372 units of HSBC Floating Rate Fund - Long Term Plan - Institutional Option - Growth amounting to Rs. 61,500.
- 49,891.414 units of HSBC Floating Rate - Long Term Plan - Institutional Option - Monthly Dividend amounting to Rs. 502.
- 540,009.075 units of HSBC Ultra Short Term Bond Fund - Inst - Daily Dividend amounting to Rs. 5,407.
- 3,122,980.585 units of HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Daily Dividend amounting to Rs. 31,328.
- 12,343,944.097 units of HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Weekly Dividend amounting to Rs. 1,23,683.
- 839,159.065 units of HDFC Cash Management Fund -Treasury Advantage Plan - Retail - Growth amounting to Rs. 16,500.
- 36,495.147 units of DWS Ultra Short Term Fund - Regular Daily Dividend Plan amounting to Rs. 365.
- 1,989,566.801 units of IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Daily Dividend amounting to Rs. 20,036.
- 5,263,876.900 units of IDFC Money Manager Fund - Treasury Plan - Inst Plan B Weekly Div amounting to Rs. 53,160.
- 9,975,313.917 units of IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C Weekly Div amounting to Rs. 99,842.
- 617,400.666 units of IDFC Money Manager Fund - Treasury Plan - Growth amounting to Rs. 9,000.
- 689,664.685 units of IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Growth amounting to Rs. 10,000.
- 3,780,939.464 units of IDFC Cash Fund - Inst Plan B Daily Div amounting to Rs. 40,008.
- 500,000.000 units of IDFC FMP 13 months series - Plan B amounting to Rs. 5,000.
- 6,679,492.421 units of ICICI Prudential Flexible Income Plan Premium - Weekly Dividend amounting to Rs. 82,097.
- 622,112.812 units of ICICI Prudential Institutional Short Term Plan-Dividend Reinvestment-Fortnightly amounting to Rs. 7,550.
- 1,844,347.775 units of Tata Floater Fund - Daily Dividend amounting to Rs. 18,509.
- 8,014,244.353 units of Tata Floater Fund - Weekly Dividend amounting to Rs. 80,796.
- 2,860,379.164 units of Kotak Bond (Short Term) - Monthly Dividend amounting to Rs. 29,121.
- 744,400.715 units of Kotak Floater Long Term - Daily Dividend amounting to Rs. 7,503.

Notes to the financial statements for the year ended 31 December 2009 (Continued)

- 1,829,593.275 units of Kotak Floater Long Term - Weekly Dividend amounting to Rs. 18,437.
- 764,908.352 units of Kotak Floater Long Term - Growth amounting to Rs. 11,000.

Current Investments sold during the year :

- 499,730.146 units of Birla Sun Life Savings Fund - Instl - Weekly Dividend-Reinvestment amounting to Rs. 5,007.
- 2,491,640.924 units of Templeton Floater STP - Div. Reinv. amounting to Rs. 24,988.
- 1,250,000.000 units of Templeton Fixed Horizon Fund - Series IX - Plan B amounting to Rs. 12,500.
- 5,784,163.692 units of HSBC Floating Rate - Long Term Plan - Institutional Option - Weekly Dividend amounting to Rs. 65,002.
- 2,649,448.848 units of HSBC Floating Rate - Long Term Plan - Institutional Option - Monthly Dividend amounting to Rs. 26,667.
- 2,727,549.880 units of HSBC Ultra Short Term Bond Fund - Inst - Daily Dividend amounting to Rs. 27,310.
- 8,132,278.219 units of HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Daily Dividend amounting to Rs. 81,579.
- 6,047,918.127 units of HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Weekly Dividend amounting to Rs. 60,592.
- 2,209,075.990 units of DWS Ultra Short Term Fund - Regular Daily Dividend Plan amounting to Rs. 22,123.
- 1,989,566.801 units of IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Daily Dividend amounting to Rs. 20,036.
- 5,263,876.900 units of IDFC Money Manager Fund - Treasury Plan - Inst Plan B Weekly Div amounting to Rs. 53,160.
- 3,994,288.168 units of IDFC Money Manager Fund - Treasury Plan - Super Inst Plan C Weekly Div amounting to Rs. 39,965.
- 3,780,939.464 units of IDFC Cash Fund - Inst Plan B Daily Div amounting to Rs. 40,008.
- 622,112.812 units of ICICI Prudential Institutional Short Term Plan-Dividend Reinvestment-Fortnightly amounting to Rs. 7,550.
- 1,844,347.775 units of Tata Floater Fund - Daily Dividend amounting to Rs. 18,509.
- 495,997.302 units of Tata Floater Fund - Weekly Dividend amounting to Rs. 5,000.
- 525,000.000 units of Kotak FMP 14M series 3 - Institutional - Growth amounting to Rs. 5,250.
- 1,012,500.000 units of Kotak FMP 13M Series 3 Institutional - Growth amounting to Rs. 10,125.
- 1,000,000.000 units of Kotak FMP 12M Series 7 Institutional - Growth amounting to Rs. 10,000.
- 500,000.000 units of Kotak FMP 12M Series 8 Institutional - Growth amounting to Rs. 5,000.
- 744,400.715 units of Kotak Floater Long Term - Daily Dividend amounting to Rs. 7,503.

(Currency : Indian Rupees, 000)

	2009	2008
7. Inventories		
Raw materials	126,370	173,927
Intermediates and work-in-progress	38,824	41,769
Packing materials	7,419	4,985
Stores	4,319	5,689
Purchased goods for resale	7,039	4,895
Finished goods	111,248	130,511
Goods in transit	25,901	6,983
	321,120	368,759
8. Sundry debtors		
(unsecured)		
Over six months :		
Considered good	2,742	5,089
Considered doubtful	5,520	5,825
	8,262	10,914
Other debts :		
Considered good	266,985	237,183
Considered doubtful	74	102
	267,059	237,285
	275,321	248,199
Less : Provision for doubtful debts	5,594	5,927
Debts due from Companies under the same management Rs. 7,777 (previous year : Rs. 21,958). Refer Note 30.1(B)(3)(i)	269,727	242,272

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
9. Cash and bank balances		
Cheques in hand	2,463	4,898
Balances with scheduled banks :		
On current account [including unclaimed dividend (restricted) Rs. 1,704 (previous year Rs. 1,650)]	32,110	44,623
On fixed deposit accounts [including under lien Rs. 414 (previous year Rs. 53)]	100,114	53,588
	<u>134,687</u>	<u>103,109</u>
10. Loans and advances		
(Good and unsecured)		
Advances recoverable in cash or in kind or for value to be received	36,434	39,871
Balances with customs and excise authorities	6,149	12,865
Advance payment of tax (net)	6,172	6,646
	<u>48,755</u>	<u>59,382</u>
Refer Note 30.2(B)(e) for amounts recoverable from key management personnel and Note 30.2(B)(f) for maximum amount outstanding during the year from key management personnel.		
11. Current liabilities		
Sundry Creditors :		
dues to micro and small enterprises#	766	1,235
dues to creditors other than micro and small enterprises	115,976	78,754
Unclaimed dividends	1,704	1,650
Other liabilities	57,399	52,483
# The Company has made above disclosure on the basis of available information received from the vendors and has computed the interest liability as per Micro, Small and Medium Enterprises Development Act ,2006. However in the view of the management, the impact of interest that may be payable in accordance with the provisions of the Act is not material		
	<u>175,845</u>	<u>134,122</u>
12. Provisions		
Provision for tax (net)	9,247	5,693
Proposed dividend	35,675	31,711
Dividend distribution tax	6,063	5,389
Provision for compensated absences	32,840	29,515
Provision for other employee benefits	5,642	5,630
	<u>89,467</u>	<u>77,938</u>
13. Other income		
Custom duty drawback	1,074	3,175
Sale of raw material	3,454	3,439
Dividend income	15,452	10,072
Interest received (Tax deducted at source Rs. 951; previous year: Rs. 896)	10,342	11,564
Rental income from letting out of property	7,694	10,106
Hire charges	1,122	2,795
Fixed service charges for use of common facilities	330	349
Sale of scrap	9,445	5,980
Miscellaneous income	17,747	9,082
	<u>66,660</u>	<u>56,562</u>

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
14. Manufacturing and other expenses		
Consumption of raw materials	A 1,051,125	1,149,519
Intermediates, work-in-progress, manufactured and traded finished goods :		
<i>Opening stock :</i>		
Intermediates and work-in-progress	41,769	23,023
Traded finished goods	4,895	2,644
Manufactured finished goods *	130,511	140,487
	<u>177,175</u>	<u>166,154</u>
<i>Closing stock :</i>		
Intermediates and work-in-progress	38,824	41,769
Traded finished goods	7,039	4,895
Manufactured finished goods *	111,248	130,511
* Includes provision for excise duty Rs. 13,316 (previous year : Rs. 23,111)		
	<u>157,111</u>	<u>177,175</u>
	B 20,064	(11,021)
Purchase of goods for resale	C 40,329	13,842
Personnel costs :		
Salaries, wages, bonus and commission	97,334	95,764
Contribution to provident and other funds	10,802	9,946
Staff welfare expenses	6,485	6,555
Provision for other employee benefits	2,717	3,648
	<u>117,338</u>	<u>115,913</u>
Operating and other expenses :		
Packing materials consumed	86,322	86,877
Stores consumed	6,640	4,798
Power and fuel	35,899	34,012
Delivery charges	43,853	38,384
Commission on sales	514	625
Excise duty	(2,866)	(9,986)
Rent	3,398	3,911
Rates and taxes	3,561	3,142
Insurance	3,405	4,340
Repairs & Maintenance :		
on Building	2,750	2,883
on Machinery	12,188	12,881
on Other assets	4,180	4,767
Travelling expenses	7,208	9,489
Bad debts and advances written off	136	177
Provision for doubtful debts (net of recovery)	(333)	(95)
Miscellaneous expenses	81,899	79,836
	<u>288,754</u>	<u>276,041</u>
	E	
	A+B+C+D+E	
	<u>1,517,610</u>	<u>1,544,294</u>
15. Current tax (net)		
Tax provision for the current year	150,000	97,620
Additional / (reversal of) provision on assessment of earlier years (net)	(7,582)	(4,312)
	<u>142,418</u>	<u>93,308</u>

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
16. Contingent liabilities not provided for		
a) Claims against the Company not acknowledged as debts	19,278	1,015
b) Excise duty matters	8,606	6,057
c) Income tax matters	8,234	8,076
d) Sales tax matters	37,905	32,384
e) Guarantee in favour of Gujarat Industrial Development Corporation	1,224	1,224
17. Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	25,501	21,520
18. A) Managerial remuneration		
i) Salaries and Performance salaries	11,865	12,097
ii) Perquisites (at cost / fair value)	1,310	3,285
iii) Directors' fees	230	180
iv) Commission to Non-whole time directors	750	600
	14,155	16,162
<i>Note :</i>		
(1) Above salary and perquisites, approved by the Board of Directors , include Rs Nil (Previous year Rs. 157) which are subject to approval of shareholders		
(2) Managerial remuneration disclosed above excludes accrual for employee benefits the liability of which are ascertained for the Company as a whole on the basis of actuarial valuations		
B) Computation of net profit in accordance with Section 349 of the Companies Act, 1956		
Profit before tax as per Profit and loss account	460,918	289,694
Add : Managerial remuneration	14,155	16,162
Wealth tax	50	100
Provision for doubtful debts & bad debts written off (net of recovery)	(197)	82
	474,926	306,038
Less : Capital Profit on sale of Assets	18	52
Bad debts written off (including amounts written off from provision for doubtful debts & advances)	136	177
	474,772	305,809
Commission payable to Non-whole time directors @ 1% of net profit	4,748	3,058
Restricted to	750	600
19. Remuneration to Auditors		
a) Audit fee	600	600
b) Tax audit fees	225	125
c) Taxation matters	250	175
d) Other services including miscellaneous reports	920	885
e) Reimbursement of out of pocket expenses	46	50
	2,041	1,835
20. Value of imports on CIF basis :		
a) Raw material	314,873	359,226
b) Capital goods	2,869	711
c) Purchase for resale	11,003	8,713
	328,745	368,650

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
21. Capacities, production, sales and stocks		
I Quantities (Metric Tonnes)		
a) Installed capacity [see note (i) below]		
Wire enamels and Impregnating varnishes	13,100	13,100
Synthetic resins	4,950	4,950
Total	<u>18,050</u>	<u>18,050</u>
b) Production for sale (excluding captive consumption)		
Wire enamels and Impregnating varnishes	10,993	10,186
Synthetic resins	2,616	2,727
Total	<u>13,609</u>	<u>12,913</u>
c) Opening stocks		
Wire enamels and Impregnating varnishes	812	761
Synthetic resins	216	288
Total	<u>1,028</u>	<u>1,049</u>
d) Sales		
Wire enamels and Impregnating varnishes	11,100	10,074
Synthetic resins	2,578	2,693
Total	<u>13,678</u>	<u>12,767</u>
e) Closing stocks		
Wire enamels and Impregnating varnishes	696	812
Synthetic resins	292	216
Total	<u>988</u>	<u>1,028</u>
II Value		
a) Opening stocks		
Wire enamels and Impregnating varnishes	96,739	93,688
Synthetic resins	33,772	46,798
Total	<u>130,511</u>	<u>140,486</u>
b) Sales		
Wire enamels and Impregnating varnishes	1,358,142	1,239,696
Synthetic resins	541,001	553,162
Methanol [see note (ii) below]	1,408	1,876
Total	<u>1,900,551</u>	<u>1,794,734</u>
c) Closing stocks		
Wire enamels and Impregnating varnishes	70,736	96,739
Synthetic resins	40,512	33,772
Total	<u>111,248</u>	<u>130,511</u>
Notes :		
i) Installed capacity depends upon the product mix and is certified by the Management and relied on by the Auditors as this, being a technical matter.		
ii) Arising out of treatment of waste.		
iii) Licensed capacity is not applicable in terms of Government of India notification number S.O.477(E) dated 25 July 1991.		
22. Details of inventories of trading goods		
a) Opening stocks quantity (Metric Tonnes)	30	22
b) Opening stocks value	4,895	2,644
c) Purchases quantity (Metric Tonnes)	506	208
d) Purchases value	40,329	13,842
e) Sales quantity (Metric Tonnes)	475	198
f) Sales value	48,453	15,116
g) Closing stocks quantity (Metric Tonnes)	54	30
h) Closing stocks value	<u>7,039</u>	<u>4,895</u>

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
23. Details of raw materials and bought out components consumed		
a) Consumption quantity (Metric Tonnes)		
Synthetic resins	1,208	1,126
Solvents	5,990	5,665
Organic chemicals	7,171	6,952
Others [see note (ii) below]	613	588
	<u>14,982</u>	<u>14,331</u>
b) Consumption value		
Synthetic resins	131,452	131,280
Solvents	339,700	385,607
Organic chemicals	522,555	589,008
Others [see note (ii) below]	57,418	43,624
	<u>1,051,125</u>	<u>1,149,519</u>
c) Sourcewise breakup (value) of raw materials, spare parts & components consumed		
Imported at landed cost	506,019	581,385
Indigenously procured	545,106	568,134
	<u>1,051,125</u>	<u>1,149,519</u>
d) Sourcewise breakup (%) of raw materials, spare parts & components consumed		
Imported at landed cost	48%	51%
Indigenously procured	52%	49%
	<u>100%</u>	<u>100%</u>

Notes :

- i) The figures shown above are after adjustment of excesses and shortages ascertained on physical count and include the write off of unserviceable and damaged stock.
- ii) The figures under "others" above have been adjusted to agree with the consumption ascertained on the basis of opening stock plus purchases less closing stock.
- iii) Imported items include items purchased through third parties on behalf of the Company.
- iv) For the purpose of paragraph 4D(c) of Part II of Schedule VI to the Companies Act, 1956, the term "Spare parts" has been interpreted to mean spares and components used in the manufacture of finished products and not those consumed for repairs etc.

24. Expenditure in foreign currencies (disclosed on accrual basis)

a) Royalty (gross)	6,347	6,488
b) Commission on exports	294	145
c) Others	10,358	11,568
	<u>16,999</u>	<u>18,201</u>

25. Dividend remittances in foreign currency

a) Number of non-resident shareholders to whom remittance was made	1	1
b) Number of shares on which remittance was made	7,020,316	7,020,316
c) Net amount remitted		
Dividend for 2007	-	28,080
Dividend for 2008	28,080	-

26. Earnings in foreign currencies (disclosed on accrual basis)

On account of exports at FOB value	57,491	120,332
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27. Research and development expenses

a) Expenses of revenue nature (debited to Profit and Loss account)	25,890	18,403
b) Expenses of capital nature (shown as addition to fixed assets)	51,124	875
	<u>77,014</u>	<u>19,278</u>

28. Employee benefits :**a) Defined benefit plan (Gratuity)**

The Company operates a gratuity plan wherein every employee is entitled to the benefit based on last drawn salary for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The same is funded with the Life Insurance Corporation of India.

b) Defined benefit plan (Cash rewards at retirement)

As per the plan, at the time of normal retirement, Rs. 1 is payable to employees for each year of service rendered. The scheme is unfunded.

c) Defined contribution plans

Amount of Rs 10,634 (previous year : Rs. 9,797) is recognised as an expense and included in the 'Contributions to provident and other funds' under note no 14

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009 Gratuity	2008 Gratuity	2009 Cash rewards	2008 Cash rewards
I) Reconciliation of opening and closing balance of obligations				
Liability at the beginning of the year	30,798	29,933	1,860	-
Current service cost	1,146	840	71	1,860
Interest cost	1,812	2,148	107	-
Benefits paid	(3,400)	(2,983)	(261)	-
Actuarial (gain) / loss on obligations	(1,166)	860	(126)	-
Liability at the end of the year	29,190	30,798	1,651	1,860
II) Reconciliation of opening and closing balance of fair value of plan assets				
Fair value of plan assets at the beginning of the year	32,632	30,359	-	-
Expected return on plan assets	2,193	2,090	-	-
Contributions by the employer	1,115	2,026	-	-
Benefits paid	(3,400)	(2,983)	(261)	-
Actuarial gain / (loss) on plan assets	480	1,140	-	-
Fair value of plan assets at the end of the year	33,020	32,632	(261)	-
III) Net actuarial (gain) / loss				
Actuarial (gain) / loss on Obligations	(1,166)	860	(126)	-
Actuarial gain / (loss) on Plan Assets	480	1,140	-	-
Net actuarial (gain) / loss	(1,646)	(280)	(126)	-
IV) Amount recognised in the Balance sheet				
Defined benefit obligation as at end of the year	29,190	30,798	1,651	1,860
Fair Value of plan assets at the end of the year	33,020	32,632	-	-
Net Liability / (Asset)	(3,830)	(1,834)	1,651	1,860
V) Expense recognised in Profit and Loss account				
Current service cost	1,146	840	71	-
Interest cost	1,812	2,148	-	-
Expected return on plan assets	(2,193)	(2,090)	-	-
Net Actuarial (gain) / loss	(1,646)	(280)	-	-
Total expenses included in "Provision for other employee benefits" under Note 14	(881)	618	71	-
VI) Actual return on plan assets				
Expected return on plan assets	2,193	2,090	-	-
Actuarial gain / (loss) on plan assets	480	1,140	-	-
Actual return on plan assets	2,673	3,230	-	-
VII) Principal actuarial assumptions				
Discount rate	7.50%	6.25%	7.50%	6.25%
Expected return on plan assets	7.00%	7.00%	NA	NA
Salary escalation rate	10.50%	8.00%	10.50%	8.00%
d) Notes :				
1) The plan assets comprises entirely of "Insurer Managed Funds".				
2) The expected return on plan assets is based on market expectations, at the beginning of the year , for returns over the entire life of related obligations.				
3) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on a long term basis.				

29. Segment reporting

The Company has disclosed business segments as the primary segment. Segments have been identified by the management taking into account the nature of products, manufacturing process, customer profiles, risk and reward parameters and other relevant factors.

The Company's operations have been classified into two primary segments, "Electrical Insulations" and "Engineering and Electronic Resins and Materials". Segment assets include all operating assets used by the business segment and consist primarily of fixed assets, debtors and inventories. Segment liabilities primarily include creditors and other liabilities. Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocable assets and liabilities.

Notes to the financial statements for the year ended 31 December 2009 (Continued)

Secondary segments have been identified with reference to geographical location of the customers. The Company has identified India and outside India as the two geographical segments for secondary segmental reporting. Geographical sales are segregated based on the location of the customer who is invoiced. Assets other than receivables used in the Company's business or liabilities contracted have not been identified to any of the reportable geographical segments, as these are used interchangeably between geographical segments. All assets other than receivables are located in India. Similarly, capital expenditure is incurred towards fixed assets in India.

(Currency : Indian Rupees, 000)

	2009	2008
29.1 Primary Business Segments		
1. Segmentwise revenue		
a) Electrical Insulations	1,633,302	1,547,739
b) Engineering and Electronic Resins and Materials	342,939	281,683
Total	1,976,241	1,829,422
2. Other unallocable income	39,423	36,990
Net sales / Income from operations (1 + 2)	2,015,664	1,866,412
3. Segment results Profit (+) / Loss (-) before tax and interest		
a) Electrical Insulations	390,442	240,180
b) Engineering and Electronic Resins and Materials	44,556	26,081
Total	434,998	266,261
4. Interest	307	307
5. Other unallocable expenditure	13,196	13,250
6. Profit before tax	460,918	289,694
Provision for tax	142,418	93,308
Provision for deferred tax (release)/ charge	1,852	(1,403)
Provision for fringe benefit tax	450	1,650
7. Profit after tax	316,198	196,139
Other information		
8. Segment assets		
a) Electrical Insulations	703,746	777,454
b) Engineering and Electronic Resins and Materials	232,031	154,240
c) Other unallocable	709,277	383,795
Total	1,645,054	1,315,489
9. Segment liabilities		
a) Electrical Insulations	166,146	133,972
b) Engineering and Electronic Resins and Materials	39,062	25,503
c) Other unallocable	75,195	65,823
Total	280,403	225,298
10. Capital expenditure		
a) Electrical Insulations	13,348	36,477
b) Engineering and Electronic Resins and Materials	66,072	6,898
c) Other unallocable	119	1,271
Total	79,539	44,646
11. Depreciation / Amortisation		
a) Electrical Insulations	27,812	27,111
b) Engineering and Electronic Resins and Materials	8,625	4,574
c) Other unallocable	392	432
Total	36,829	32,117
29.2 Secondary Business Segments		
1. Revenue		
India	1,914,858	1,705,044
Outside India	61,383	124,378
Total	1,976,241	1,829,422
2. Segment assets		
India	260,927	218,108
Outside India	8,800	24,164
Total	269,727	242,272

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
30. Related party disclosures		
30.1 A. List of related parties & relationship		
SKion GmbH		Holding company of ALTANA AG
ALTANA AG		Holding company of Altana Chemie GmbH
ALTANA Chemie GmbH		Holding company of ELANTAS GmbH
ELANTAS GmbH		Holding company (88.55%)
BYK-Chemie GmbH		Fellow Subsidiary
ELANTAS Beck GmbH		Fellow Subsidiary
ELANTAS UK Ltd.		Fellow Subsidiary
ELANTAS PDG Inc.		Fellow Subsidiary
ELANTAS Deatech Srl		Fellow Subsidiary
ELANTAS Tongling Co Ltd		Fellow Subsidiary
ELANTAS Zhuhai Co., Ltd.		Fellow Subsidiary
ELANTAS Isolantes Electricos Do Brasil LTDA		Fellow Subsidiary
BYK Chemie Asia Pacific PTE Ltd		Fellow Subsidiary
B. Transactions with related parties		
1. Summary of transactions		
a) Sales, commission and recoveries from related parties	25,173	46,412
b) Purchases / other services from related parties	18,090	19,083
c) License fee (Income)	3,051	2,789
d) Security deposit	-	772
e) Royalty paid to related parties (gross)	6,347	6,488
f) Cost of parent company ESOP	-	2,269
g) Dividend	31,590	28,080
2. Related party- wise transactions		
a) ALTANA AG		
Sales, commission and recoveries	-	2,022
Cost of parent company ESOP (incurred in the company's books)	-	2,269
b) ELANTAS GmbH		
Sales, commission and recoveries	3,337	2,720
Purchases / other services	5,780	4,539
Dividend	31,590	28,080
Royalty paid (gross)	2,693	2,656
c) ELANTAS Beck GmbH		
Sales, commission and recoveries	-	1,325
Purchases / other services	-	2,415
d) ELANTAS Deatech Srl		
Sales, commission and recoveries	4,840	15,492
Purchases / other services	8,852	5,829
Royalty paid (gross)	2,361	2,353
e) ELANTAS PDG Inc.		
Purchases / other services	-	2,884
Royalty paid (gross)	768	857
f) ELANTAS UK Ltd.		
Royalty paid (gross)	525	622
g) BYK-Chemie GmbH		
Purchases / other services	3,358	3,416
h) BYK Chemie Asia Pacific PTE Ltd		
Sales, commission and recoveries	327	706
License fee (Income)	3,051	2,789
Security deposit	-	772
i) ELANTAS Tongling Co Ltd		
Sales, commission and recoveries	15,190	19,295
j) ELANTAS Zhuhai Co., Ltd.		
Sales, commission and recoveries	1,363	3,275
Purchases / other services	100	-

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
k) ELANTAS Isolantes Electricos Do Brasil LTDA		
Sales, commission and recoveries	116	1,577
3. Outstanding balances		
i) Sundry debtors		
ALTANA AG	-	2,022
ELANTAS GmbH	1,649	5,411
ELANTAS Beck GmbH	-	358
ELANTAS Deatech Srl	4,145	3,743
ELANTAS Zhuhai Co., Ltd.	146	42
ELANTAS Isolantes Electricos Do Brasil LTDA	-	1,786
ELANTAS Tongling Co Ltd	1,837	8,596
Total	7,777	21,958
ii) Current liabilities		
ALTANA AG	-	4,224
ELANTAS GmbH	6,366	4,945
ELANTAS Deatech Srl	3,019	-
BYK Chemie Asia Pacific PTE Ltd	2,379	2,379
Total	11,764	11,548
30.2 A. Key management personnel and relatives of key management personnel		
Key management personnel :		
Mr. Manu Tandon (till 31 July 2008)		
Mr. Rajeev Bhide		
Mr. Prashant Deshpande		
Mr. Sharadkumar Shetye		
Note : Details of remuneration to directors are disclosed in Note 18 to the financial statements.		
Relatives of key management personnel :		
Mrs. M. R. Shetye		
B. Transactions with key management personnel and relatives of key management personnel		
a) Managerial remuneration		
Mr. Manu Tandon	-	4,600
Mr. Rajeev Bhide	4,970	3,938
Mr. Prashant Deshpande	4,288	3,580
Mr. Sharadkumar Shetye	3,917	3,264
Total	13,175	15,382
b) Rent		
Mrs. M. R. Shetye	120	105
c) Increase / (decrease) in loan balance		
Mr. Rajeev Bhide	(143)	(138)
Mr. Prashant Deshpande	(179)	(174)
Total	(322)	(312)
d) Interest received on loans given		
Mr. Rajeev Bhide	36	40
Mr. Prashant Deshpande	61	66
Total	97	106
e) Outstanding balances		
Loans and advances		
Mr. Rajeev Bhide	930	1,073
Mr. Prashant Deshpande	1,619	1,798
Total	2,549	2,871

Notes to the financial statements for the year ended 31 December 2009 (Continued)

(Currency : Indian Rupees, 000)

	2009	2008
Current liabilities		
Mr. Manu Tandon	-	1,220
Mr. Rajeev Bhide	1,500	1,320
Mr. Prashant Deshpande	1,125	936
Mr. Sharadkumar Shetye	1,125	936
Total	<u>3,750</u>	<u>4,412</u>
f) Maximum amount outstanding during the year		
Loans and advances		
Mr. Rajeev Bhide	1,073	1,210
Mr. Prashant Deshpande	1,798	1,972
31. Earnings Per Share - Basic and Diluted		
a) Net profit for the year after tax	316,198	196,139
Calculation of weighted average number of equity shares		
Number of shares at the beginning and end of the year	7,927,682	7,927,682
b) Weighted average number of equity shares	7,927,682	7,927,682
Earnings per share (a) / (b)	39.89	24.74
Nominal value per share Rs. 10 each (Previous year - Rs. 10 each)		
32. Foreign currency exposures		
a) Foreign currency receivables representing debtors	8,800	24,164
Foreign currency ('000) :		
Euro	22	197
US\$	124	217
b) Foreign currency payables representing creditors and other payables	25,552	18,673
Foreign currency ('000) :		
Euro	93	215
US\$	387	83
c) Foreign currency bank balance (US\$ 40 (previous year :US\$ 148))	1,843	7,101
d) Foreign currency receivables representing advances	859	122
Foreign currency ('000) :	-	-
US\$	18	15
33. Management believes that the Company's international transactions with related parties post March 2009 (last period upto which an Accountants' report has been submitted as required under the Income tax Act, 1961) continue to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on the amount of tax expense and that of provision for taxation.		
34. Cash & Cash Equivalents comprises of :		
Cheques in hand	2,463	4,898
Balances with banks :		
Current Account	32,110	44,623
Deposit Account	100,114	53,588
	<u>134,687</u>	<u>103,109</u>
35. The previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.		

For and on behalf of the Board of Directors

Shirish Dabir
Company
Secretary

Suresh Talwar
Director

Dr Matthias Wolfgruber
Chairman

Ravindra Kulkarni
Director

Dr. Wolfgang Schütt
Director

Rajeev Bhide
Managing Director

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet abstract and general business profile :**I. Registration details :**

Registration no.	9752
State code	11
Balance Sheet date	31.12.2009

II. Capital raised during the period :

(Amount in Rs. Thousands)

Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Private placement	Nil

III. Position of mobilisation and deployment of funds :

(Amount in Rs. Thousands)

Total liabilities 1,645,054**Total assets** 1,645,054**Sources of funds :**

Paid-up capital	79,277
Reserves & surplus	1,285,374
Secured loans	-
Unsecured loans	-
Deferred tax balance	15,091

Application of funds :

Net fixed assets	324,618
Investments	546,147
Net current assets	508,977
Miscellaneous expenditure	-
Accumulated losses	-

IV. Performance of Company

(Amount in Rs. Thousands)

Turnover including other income	2,015,664
Total expenditure	1,554,746
Profit before tax	460,918
Profit after tax	316,198
Earning per share (Rs.)	39.89
Dividend per share (Rs.)	4.50

V. Generic Names of Principal Products of the Company :

Item Code No. (ITC Code)	(As per monetary terms)
32089041	Insulating Varnishes
39079190	Unsaturated Polyester Resins
39073010	Epoxide Resins

NOTICE

Notice is hereby given that the Fifty-fourth Annual General Meeting of the members of ELANTAS Beck India Ltd. will be held on Thursday, 6 May 2010 at 2.30 p.m. at Hall No.4, 'A' Wing, 5th Floor, MCCA Trade Tower, ICC Complex, Senapati Bapat Road, Pune-411 016, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31 December 2009 and the Profit and Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. Matthias Wolfgruber who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Wolfgang Schütt who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration. In this connection, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"Resolved that M/s. BSR & Co., Chartered Accountants, having Firm Registration No. 101248W, registered with ICAI, retiring Auditors, be and are hereby appointed as the Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting to conduct the audit at a remuneration not exceeding Rs. 21 lakh per annum.

SPECIAL BUSINESS:

6. Re-appointment of Mr. Prashant Deshpande as a Wholetime Director

To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT subject to such consents, permissions and approvals as may be required, and pursuant to the provisions of Sections 198, 269, 309, 310 & 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as 'the Act') read with Schedule XIII of the Act, the Company hereby accords its approval to the re-appointment of Mr. Prashant Deshpande as a Wholetime Director (Director-Marketing or with such other designation as the Board may determine and deem fit for Mr. Prashant Deshpande from time to time) for a period of one year, from 28 May 2010 to 27 May 2011, by way of salary, commission and perquisites, as set out in the Explanatory Statement annexed hereto provided that the total remuneration (including all perquisites) shall fall within the overall ceiling as specified under Section 198 of the Act, provided further that in the event where in any financial year during the currency of tenure of Mr. Prashant Deshpande, the Company has no profits or its profits are inadequate, it may pay a remuneration to Mr. Prashant Deshpande, the total of which shall not exceed the ceiling limit as provided in Section II of Part II of Schedule XIII of the Act or such other amounts as may be specified by the Government from time to time by any amendment to the Act."

"RESOLVED FURTHER THAT, in the event of any relaxation by the Central Government in the guidelines or ceilings on managerial remuneration, the Board of Directors, be and is hereby authorized to increase the remuneration and / or perquisites of Mr. Prashant Deshpande, if it, in its absolute discretion, thinks fit, within such guidelines or ceilings subject to such approvals of the Central Government or any other authority wherever applicable and for which consent of the Company as required under various provisions of the Companies Act, 1956, be and is hereby granted."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary and desirable to give effect to the foregoing Resolution."

7. Re-appointment of Mr. Sharadkumar Shetye as a Wholetime Director

To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT subject to such consents, permissions and approvals as may be required, and pursuant to the provisions of Sections 198, 269, 309, 310 & 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as 'the Act') read with Schedule XIII of the Act, the Company hereby accords its approval to the re-appointment of Mr. Sharadkumar Shetye as a Wholetime Director (Director-Manufacturing or with such other designation as the Board may determine and deem fit for Mr. Sharadkumar Shetye from time to time) for a period of one year, from 28 May 2010 to 27 May 2011, by way of salary, commission and perquisites, as set out in the Explanatory Statement annexed hereto provided that the total remuneration (including all perquisites) shall fall within the overall ceiling as specified under Section 198 of the Act, provided further that in the event where in any financial year during the currency of tenure of Mr. Sharadkumar Shetye, the Company has no profits or its profits are inadequate, it may pay a remuneration to Mr. Sharadkumar Shetye, the total of which shall not exceed the ceiling limit as provided in Section II of Part II of Schedule XIII of the Act or such other amounts as may be specified by the Government from time to time by any amendment to the Act."

"RESOLVED FURTHER THAT, in the event of any relaxation by the Central Government in the guidelines or ceilings on managerial remuneration, the Board of Directors, be and is hereby authorized to increase the remuneration and / or perquisites of Mr. Sharadkumar Shetye, if it, in its absolute discretion, thinks fit, within such guidelines or ceilings subject to such approvals of the Central Government or any other authority wherever applicable and for which consent of the Company as required under various provisions of the Companies Act, 1956, be and is hereby granted."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary and desirable to give effect to the foregoing Resolution."

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

In order to be effective, proxies duly signed and stamped, must be deposited at the registered office of the Company not less than 48 hours before the meeting.

2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at item Nos. 6 & 7 of the Notice is annexed.
3. The relevant details in respect of item Nos. 3,4,6 & 7 of the Notice, pursuant to Clause 49 G (i) of the Listing Agreement are as follows:

Profile of Directors seeking appointment, re-appointment in the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement).

A. Directors retiring by rotation:

Dr. Matthias Wolfgruber, age 56 years, is a Chemistry graduate with Doctorate and Research fellowship. He joined the Board of Directors of the Company on 5 July 2004 as Non-executive Chairman. He does not hold Directorships/ Committee Memberships of any other Companies in India.

Dr. Wolfgang Schütt, age 45 years, is a Graduate Chemist, Doctorate and Master of Business Administration. He has been on the Board of Directors of the Company since 17 October 2005 as Non-executive Director. He does not hold Directorships/ Committee Memberships of any other Companies in India.

B. Directors seeking appointment / re-appointment

- (i) Mr. Prashant Deshpande, age 65 years, has done his post graduation in Electrical Engineering and Master of Business Administration.

He joined the Board of Directors of the Company in the year 1999. He has more than 41 years of experience in Sales and Marketing with various multi national companies in India and Canada.

- (ii) Mr. Sharadkumar Shetye, age 61 years, is B.Tech. in Chemical Engineering from IIT, Powai, Mumbai. He has also obtained post-graduate degree, Master in Management Sciences (M. M. S.) from the University of Pune.

He has about 39 years of experience and has worked on various projects in the areas of Project design, execution, installation and commissioning. He has also worked in product and process design and development. He has rich experience and expertise in different areas such as Engineering and Maintenance, Process Instrumentation, Quality Assurance, Personnel and Industrial Relations, Industrial Safety, Quality & Environmental Management Systems, and practical experience in other branches of engineering such as Mechanical, Electrical and Civil Engineering.

4. (a) The Register of Members and Share Transfer books of the Company will remain closed from Friday 30 April 2010 to Thursday 6 May 2010 (both days inclusive).
- (b) Members are requested to notify immediately any change in their address to the Registrars and Share Transfer Agents of the Company viz. Sharepro Services (India) Pvt. Ltd. at the following address:

Sharepro Services (India) Pvt. Ltd.
Sam Hita Warehousing Complex,
Warehouse No 52 & 53, Plot No 13AB,
2nd Floor Sakinaka, Andheri (East),
Mumbai 400072.
Phone: (022) 67720400/347

5. Members desirous of availing the facility of nomination in respect of shares held by them may send their nomination in the prescribed Form No. 2B, duly filled in, to the Company's Registrars and Share Transfer Agents, quoting their respective folio number/s, and giving details of share certificate number/s and distinctive number of shares.
6. Pursuant to Section 205C of the Companies Act, 1956, the Company will be transferring in April 2011, the unclaimed dividend for the financial year ended 31.12.2003 to the Investor's Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrants so far, for the financial year ended 31.12.2003 or any subsequent financial years are requested to make their claims addressed to: The Company Secretary, ELANTAS Beck India Ltd., Beck House, Damle Path, Off Law College Road, Pune- 411004.

It may also be noted that once the unclaimed dividend is transferred to the credit of the said Fund, as above, no claim shall lie in respect thereof with the Company.

By order of the Board of Directors

Shirish Dabir
Company Secretary

Item No. 7

The Board of Directors, in its meeting held on 16 February 2010, re-appointed Mr. Sharadkumar Shetye, as a Wholetime Director of the Company for a period of one year with effect from 28 May 2010 i.e. from 28 May 2010 to 27 May 2011, on the terms & conditions and remuneration set out in the agreement to be entered into with him.

The Company now proposes to seek the approval of the members to consider his re-appointment from 28 May 2010 to 27 May 2011, on the following remuneration which shall be within the overall ceilings as specified in Schedule XIII of the Companies Act, 1956.

A. Salary:

Salary including special allowance not exceeding Rs.20 lakh per annum, as may be decided by the Board of Directors from time to time.

B. Performance Salary:

Performance Salary not exceeding Rs.18 lakh per annum, as may be decided by the Board of Directors from time to time.

C. Perquisites:

- (i) Housing: Furnished / unfurnished accommodation or House Rent Allowance in lieu thereof.
- (ii) Other perquisites: Gas, electricity, water, furnishing, medical reimbursement, leave travel allowance (for self and family), club fees, medical insurance, other benefits and amenities as per the rules of the Company as applicable from time to time.

Monetary value of the above perquisites is restricted to Rs.12 lakh per annum. Company's contribution to Provident Fund, Superannuation fund and benefits under the Company's pension scheme not exceeding 27% of the salary shall not be included in the computation of limits for remuneration or perquisites as aforesaid.

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of Leave at the end of the tenure shall not be included in the computation of limits of remuneration or perquisites.

Explanation: Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such rule, perquisites shall be evaluated on the basis of actual cost thereof to the Company.

Use of car for official duties and telephone at residence (including payments of local and long distance official calls) will not be included in the computation of perquisites for the purpose of computing the ceiling.

Where in any financial year during the tenure of Mr. Sharadkumar Shetye, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to Mr. Sharadkumar Shetye by way of salary, special allowance, performance linked incentive / bonus, perquisites and any other allowance, (such an amount not exceeding the ceiling limits of Rs. 50,00,000/- per annum or Rs. 4,16,666/- per month as the case may be), in terms of para 1 of Section II of Schedule XIII to the Companies Act, 1956. The following perquisites however, shall not be included in the computation with respect to the ceiling on remuneration:

- a) Contribution to provident fund, superannuation fund, annuity fund and benefits under the Company's pension scheme to the extent these singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c) Encashment of leave at the end of tenure.

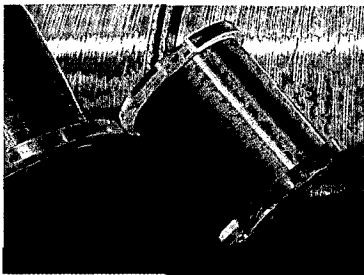
The total remuneration payable by way of salary/special allowance, performance linked incentive / bonus, commission, perquisites and other allowances, contribution to provident fund, superannuation fund and benefits under the Company's pension scheme to Mr. Sharadkumar Shetye, together with the remuneration payable to the Managing Director and other wholetime director(s), if any, shall not exceed 10% of the net profits of the Company computed in accordance with Section 198 and Section 309 of the Companies Act, 1956.

The Board of Directors may, in its discretion pay to the wholetime director lower remuneration than the maximum remuneration stipulated above and revise the remuneration from time to time, within the maximum limits stipulated above.

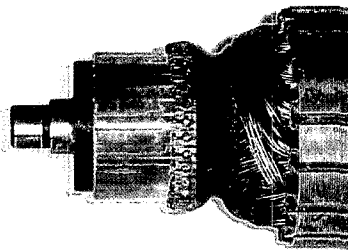
Except Mr. Sharadkumar Shetye, who may be deemed to be concerned or interested in the resolution and in his re-appointment, none of the other directors of the Company is interested in this resolution. The Board recommends passing of the subject resolution.

The above should also be considered as an abstract of the terms of the re-appointment of Mr. Sharadkumar Shetye and a memorandum as to the nature of the concern or interest of the director in the said re-appointment as required under Section 302 of the Companies Act, 1956.

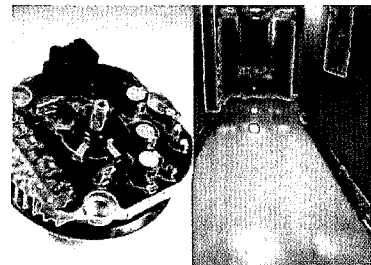
Business Lines



Primary Insulation:
Supplies the enameled wire industry.



Secondary Insulation:
Supplies applications in which the enameled wire winding is insulated and stabilized mechanically.



Electronic & Engineering Materials:
Mainly supplies applications that embed or completely encapsulate electrical components; and, epoxy & polyurethane resins based construction chemicals.

ELANTAS Beck India Ltd.

Beck House
Damble Path, Off Law College Road
Pune 411004, INDIA

www.elantas.com/beck-india

A member of  **ALTANA**

