



LEADING THE WAY

AREVA T&D INDIA

ANNUAL REPORT 2009



Group Profile

All over the world, AREVA provides its customers with solutions for carbon-free power generation and electricity transmission. With its knowledge and expertise in these fields, the group has a leading role to play in meeting the world's energy needs.

Ranked first in the global nuclear power industry, AREVA's unique integrated offering covers every stage of the fuel cycle, reactor design and construction, and related services. In addition, the group is developing a portfolio of operations in renewable energies. AREVA is also a world leader in electricity transmission and distribution and offers its customers a complete range of solutions for greater grid stability and energy efficiency*.

Sustainable development is a core component of the group's industrial strategy. Its 75,000 employees work every day to make AREVA a responsible industrial player that is helping to supply ever cleaner, safer and more economical energy to a large number of people.

* Activity in the process of divestment.



AREVA T&D India

- 35% Growth in Sales in 2009
- Robust order backlog of Rs. 4772 Crores
- All new greenfield factories on stream
- Consolidates leadership in EHV (765 kV) domain: Bags 10 out of 20 substations in India to date
- Over 5200 employees, together driving AREVA T&D India to its leadership position

AREVA T&D India - Market leader since 2008



AREVA T&D's global level participation in ELECRAMA emphasises India's importance to its growth strategy. In the picture, Dr. Ajay Dua, Chairman, AREVA T&D India, 3rd from right front row, visiting the AREVA T&D pavilion at ELECRAMA

Key Events 2009



First OSKF 420 kV CT: Commissioned for Jindal Steel & Power at Angul, the largest integrated steel project in Orissa



Successful commissioning of 400 kV indoor GIS substation for Lanco Kondapalli, an Independent Power Project (IPP) located near Vijaywada in South India



Business Standard Award for MNC of the Year - Rathin Basu, Managing Director, AREVA T&D India receives the award from Pranab Mukherjee, Finance Minister, Govt. of India.

“We are Future Ready”

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Corporate Information



AREVA T&D India Board of Directors
From L to R: Arthur de Montalembert, Pierre Laporte, C.M.A. Nayar, Dr. Ajay Dua (Chairman), Michel Augonnet, Karim Vissandjee, Rathindra Nath Basu (Country President & Managing Director)

BOARD OF DIRECTORS

Dr. Ajay Dua, Chairman (non-executive)¹
S.K. Poddar, Former Chairman (non-executive)²
Rathindra Nath Basu, Managing Director
Michel Augonnet
Pierre Laporte
Arthur de Montalembert
C.M.A. Nayar
Subir Raha³
Karim Vissandjee

¹ w.e.f. 27.07.09

² upto 27.07.09

³ passed away on 01.02.10

REGISTRARS & SHARE TRANSFER AGENT

CB Management Services (P) Ltd.
P-22, Bondel Road, Kolkata 700 019

COMPANY SECRETARY

C.S. Ashok Kumar

COMMITTEES OF DIRECTORS

SHARE TRANSFER AND SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Dr. Ajay Dua, Chairman¹
S.K. Poddar, Former Chairman²
Rathindra Nath Basu
Karim Vissandjee

¹ w.e.f. 27.07.09

² upto 27.07.09

AUDIT COMMITTEE

Dr. Ajay Dua, Chairman¹
S.K. Poddar, Former Chairman²
C.M.A. Nayar
Subir Raha³
Karim Vissandjee

¹ w.e.f. 27.07.09

² upto 27.07.09

³ passed away on 01.02.10

REGISTERED OFFICE

E-48/7, Okhla Industrial Area
Phase II, New Delhi 110 020.

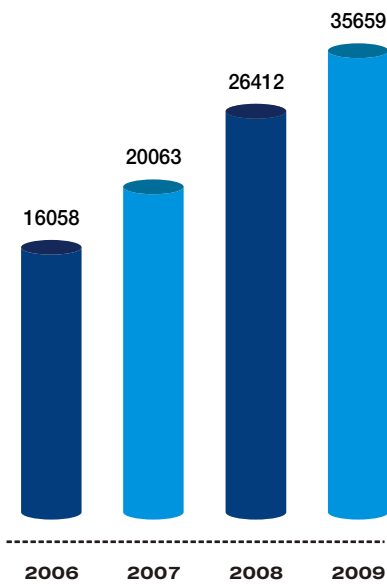
AUDITORS

Deloitte Haskins & Sells
Chartered Accountants
7th Floor, ASVN Ramana Tower
No. 52, Venkatnarayana Road
T.Nagar, Chennai 600 017

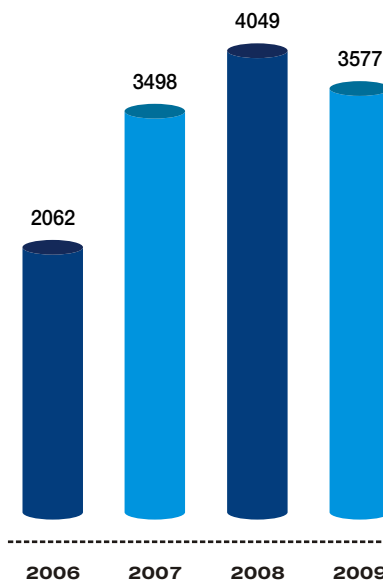


Financial Highlights

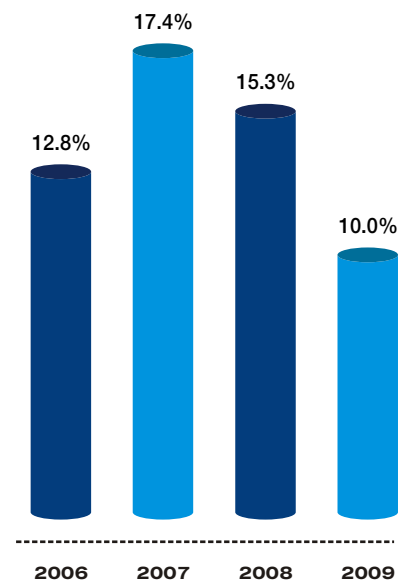
Net Sales (MINR)



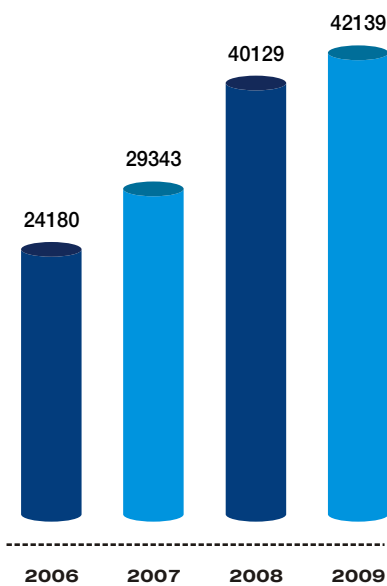
Operating Profit (MINR)



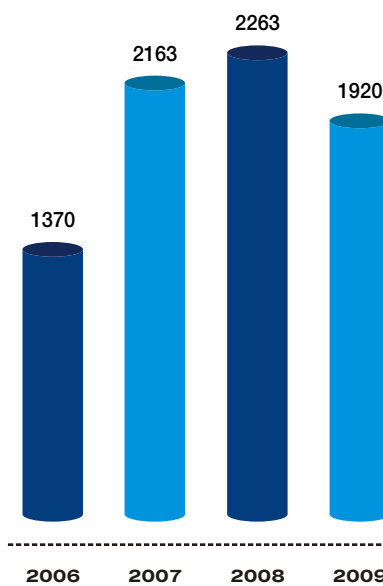
Operating Profit (%)



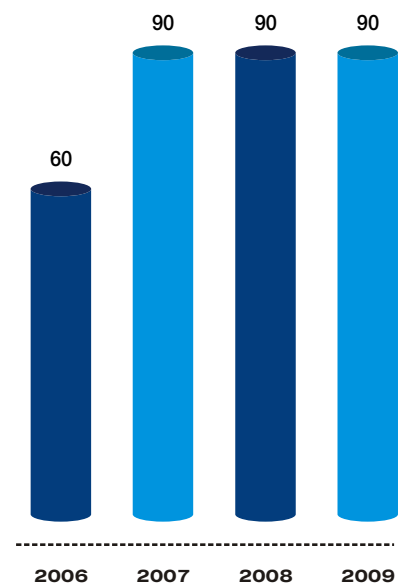
Orders Intake (MINR)



PAT (MINR)



Dividend (%)





Company Overview



First manufacturers in India to successfully Typetest 800 kV CT

AREVA T&D

AREVA's Transmission and Distribution Division - AREVA T&D is a world leader in the transmission and distribution of energy, offering its customers a complete range of solutions to improve network stability and energy efficiency.

AREVA T&D provides global solutions to industrial partners in their need for flawless energy and to utilities in their mission to supply energy to people around the world.

These include:

- ☑ Turnkey substations, bringing together the right mix of products, expert engineering and complete project management;
- ☑ Substation equipment, such as high and medium voltage transformers, circuit breakers, disconnectors and instrument transformers;
- ☑ Network management, protection and control solutions;
- ☑ Network consulting, asset management, refurbishment and spare-part solutions to manage electrical installations in a secure and efficient way throughout their lifecycle.

AREVA T&D is committed to the AREVA WAY and endeavors to provide the safest working conditions and ensure the highest quality products and services while developing solutions and operating the business with respect for the environment and local

communities. It has an industrial footprint of 31,000 employees and 72 Industrial sites spread across more than 100 countries, that together service 30,000 customers in 160 countries.

AREVA T&D in India

AREVA T&D India is a leading player in the Power Transmission and Distribution business with a product portfolio ranging from Medium Voltage (11 kV) to Extra High Voltage (765 kV) for the Utility, Industry and Infrastructure markets. AREVA T&D India is prepared to meet the demands for equipments and services even at Ultra High Voltage levels (1200 kV). AREVA T&D India has a predominant presence in all stages of the power supply chain, with a wide range of products that include Transformers, Circuit Breakers, Gas Insulated Switchgears, Generator Circuit Breakers, Instrument Transformers, Protection Relays and Power System Automation equipments. Over the years it has become the leading turnkey solution provider for Transmission Projects, HVDC, e-BOP projects, FACTS, Network Management System and Power Line Carrier Communication (PLCCs). AREVA T&D India's widely expanded and highly skilled Service business helps its customers to install, commission and maintain its equipments and offerings to achieve the best results.

Directors' Report

Your Directors take pleasure in presenting herewith the Fifty-fourth Annual Report and Audited Accounts for the year ended December 31, 2009.

FINANCIAL RESULTS

(Rupees Thousands)

	Year ended 31.12.2009	Year ended 31.12.2008
Sales and Services (Net)	35,658,766	26,412,143
Operating Profit before interest	3,576,638	4,049,462
(As percentage of net sales)	10.0%	15.3%
Interest, net	578,598	298,054
Operating Profit after Interest	2,998,040	3,751,408
Restructuring and relocation costs	(83,286)	(396,167)
Profit on Sale of Property	15,500	115,021
Profit Before Tax	2,930,254	3,470,262
Taxation	(1,010,228)	(1,207,031)
Profit After Tax	1,920,026	2,263,231
Balance brought forward from previous year	4,293,913	2,760,536
Profit available for appropriations	6,213,939	5,023,767
Appropriations		
Proposed Dividend	430,387	430,387
Corporate Dividend Tax	73,144	73,144
General Reserve	192,003	226,323
Balance carried forward	5,518,405	4,293,913

Dividend

Your Directors take pleasure in recommending a dividend of 90% (Rs. 1.80 per share) for the year ended December 31, 2009. This will absorb Rs.504 million (inclusive of tax) based on existing capital.

In 2009, AREVA T&D India consolidated its market leadership and also achieved the highest sales growth among competition

AREVA T&D India Performance Review

The year 2009 was indeed difficult for the Indian economy. The signals of a financial crisis were noticed around September 2008. Your Company read these signals seriously and put in place a 'Crisis Management Plan' to counter the negative impacts of this fiscal crisis.

Throughout 2009, the Industry and Infrastructure segments of the economy were badly impacted. Most of the projects were delayed and new investments were postponed. Consequently these segments had a negative growth in 2009.

The Power generation segment was also impacted due to delay in financial closure of projects, in addition to other issues like lack of progress in land acquisition and lack of allocation of coal linkages. The number of power projects that actually ordered electrical equipments were few.

However the T&D Utilities were active with their new projects and made several major investment decisions. Power Grid Corporation of India Ltd. (Power Grid) in the Central Transmission Utility, along with SEBs like MSETCL, HVPNL, RRVPNL, WBSTCEL, CSEB etc., scaled up their investments in 2009. Power Grid, in particular, launched a huge 765 kV programme and ordered several substations and transformers in 2009.

On the whole, the Utility segment of the T&D market was better than expected and largely compensated the negative growth of the Industry and Infrastructure segments. According to IEEMA, the growth of the entire electricity market was only 2%, though the T&D part reported somewhat better growth.

The export market did not fare better either. Both Middle East and Africa suffered badly due to the financial crisis.

Thanks to early launch of the 'Crisis Management Plan', your Company mitigated this difficult period quite well and reported an increase in Order intake, over 2008. The Order backlog (order in hand) grew significantly and was up by 17% over 2008, securing most of the volume for 2010 sales. In 2009, AREVA T&D India consolidated its market leadership position and also reported the highest sales growth, about 35%, among competition.

The year 2009 also witnessed a severe price pressure due to the low growth of the market. On an average the price fall, witnessed by the market, was of the order of 15% to 20%. It was even worse for certain segments of the distribution market.

Your Company made special efforts and launched several actions to improve operational savings supported by cost cutting measures to counter the price fall.

AREVA T&D India also successfully completed its new investment programme which had been launched in 2007. Eight new factories were built in the three new green field sites at Vadodra, Hosur and Padappai (Chennai). With these new investments your Company has not only expanded its manufacturing capacities, but has also built the facilities to manufacture 765 kV Extra High Voltage (EHV) equipments. These factories can further be upgraded to manufacture 1200 kV Ultra High Voltage (UHV) equipments without any major additional investment. The market for 1200 kV UHV is expected to open up 2012 onwards.

Directors' Report

Products Business

The Power Transformers business continued to grow in 2009. A new world class manufacturing factory was commissioned at Vadodara in April 2009.

AREVA T&D India won several orders in the public utility as well as in the private segments. Power Grid Corporation of India Limited, the country's largest transmission utility company, placed a large order for Transformer Package at Neemrana, Kotputli and Dehradun, including the first 500 MVA Transformer order to be finalised by Power Grid. Orders were received from Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPLN) for 4x315 MVA Auto Power Transformers and 3x100 MVA 220/132 kV Auto Power Transformers.

The Distribution Transformer business also grew in 2009. Several major orders were won including, NTPC Order for Outdoor Transformer Packages at their Rihand and Mauda projects. Your Company also received significant orders for Distribution Transformers in MSETCL (via Contractor) and in the Wind segment.

AREVA T&D India successfully won several orders in the GIS segment, underscoring the success of its localization strategy. You may recall that AREVA T&D

India was the first amongst competition to launch its local GIS manufacturing plant in 2009. Your Company received a 420/245 kV GIS order from BHEL for its North Chennai Project. It also received orders for 400 kV GIS at Chamera II for NHPC. Other GIS orders received as turnkey orders are reported under Systems business in this Annual Report.

In 2009, your Company commissioned a new world-class EHV (765 kV) and HV (66 to 400 kV) Circuit Breaker manufacturing plant at Padappai (Chennai, Tamil Nadu). The old manufacturing facility at Perungudi was shifted to this new location with the dual objectives of expanding the manufacturing capacity, as well as upgrading the facility to manufacture Circuit Breakers upto the UHV (1200 kV) range in the future. The site is manufacturing Live Tank Circuit Breakers and localisation of Dead Tank Circuit Breaker is in progress. This site will also manufacture Dead Tank Circuit Breakers ranging from 66 kV to 145 kV. Through the Systems business, the new site has received the highest number of 765 kV as well as 400 kV Circuit Breakers ordered, by Power Grid, in 2009. Several orders for Circuit Breakers, ranging from 66 kV to 400 kV, were also received from Utility segments (SEBs), Private sectors and other Contractors.



Padappai



Vadodara



Hosur

AREVA T&D has commissioned eight state-of-the-art manufacturing facilities at Padappai (Circuit Breakers, Disconnectors, Gas Insulated Substations), Hosur (Instrument Transformers) and Vadodara (Power Transformers, Distribution Transformers, Primary Distribution and Secondary Distribution)

The Instrument Transformer factory at Bangalore was shifted to Hosur in 2009, where a new world class factory has been built, with the dual objective of expanding the manufacturing capacity as well as upgrading the facility to manufacture Instrument Transformers upto the UHV (1200 kV) range. Through the Systems business, this site has also received, like the new Circuit Breakers site at Padappai, the highest number of orders for 765 kV as well as 400 kV class of Instrument Transformers, ordered by Power Grid, in 2009. Several orders for Instrument Transformers, ranging from 132 kV to 400 kV, were also received from Utility segments (SEBs), Private sectors and other Contractors.



State-of-the-art facility at Hosur manufactures CVTs ranging from 72.5kV to 1200 kV

In 2009, AREVA T&D India commissioned a new world class Disconnector factory (for 765 kV and 400 kV class) at Padappai (Chennai, Tamil Nadu) and introduced state-of-the-art Disconnector technology in India. Your Company has launched an action plan to improve the awareness for high quality Disconnectors in the Indian Power Grid system. Your Company is hopeful that the Indian Utilities would soon welcome the use of high quality Disconnectors to be used in the Indian Grid. The new plant has already received orders for 765 kV and 400 kV Disconnectors, through Systems Business, from Power Grid.

During 2009, your Company shifted the Medium Voltage manufacturing plant from Taratala, Kolkata to the newly built state-of-the-art world class facility at

Vadodra. The medium voltage segment also reported growth, despite downturn in the industry and infrastructure segments. New orders were won through Systems business, Contractors and direct Customers. The Secondary distribution did not grow much due to poor market conditions in the infrastructure segment of the market.

Overall, 2009 was an important year for the Products business of your Company, with all the new world-class factories coming on stream and reporting good performance across all Product categories.

Systems Business

The Systems business of AREVA T&D India, which delivers turnkey solutions in Utility, Industry and Infrastructure segments, had good success in 2009. While the industry and infrastructure market were negative, the overall market reported positive growth driven mainly by the Utility segment. The Systems division maintained its leadership position in the market and grasped the market growth which is increasingly demanding turnkey solutions.

Your Company strengthened its leadership position in 765 kV turnkey substation market with some major successes during the year and gained more than 50% market share in this segment. During the year, your Company won 7 out of 8 numbers of 765 kV Substation projects tendered and ordered in 2009. You may recall that your Company won the first 765 kV Substation (NTPC's Sipat Plant) in India. Your Company, amongst the competition, led initiatives in localising the 765 kV products manufactured at its Indian plants.

AREVA T&D India successfully executed the 400/230 kV Air Insulated Substation at Pugalur for Power Grid, which has been termed as the most modern substation. Conceived by Power Grid under the grid strengthening programme for Southern Region, the Pugalur Substation would supply power to the Southern part of India. AREVA T&D India's products installed at the site include 315 MVA 400 kV Transformers, 63 MVA Reactors, 400 and 220 kV Circuit Breakers, Instrument Transformers, Surge Arrestors, Protection panels, Substation Automation system (PACIS on IEC 61850 protocol). This is a first of its kind project where latest products, technologies of AREVA T&D India are installed.

Directors' Report



The 400/230 kV AIS substation at Pugalur. Termed the most modern substation, this project is first of its kind for AREVA T&D with products sourced from its various manufacturing facilities

Considering the rocky terrain and space constraint your Company was able to deliver an innovative design, satisfying the challenging need of the project site.

Out of the very few Industry orders decided in 2009 your Company won the largest Industry order from Hindalco for a 220 kV Conversion Substation, for their Aluminium Smelter at Lapanga and Mahan. With this major success, after past orders won from NALCO, AREVA T&D India has consolidated its leading position in the aluminium electrolysis segment in India and is looking forward to the future growth of the electrolysis industry in the country.

During the year 2009, AREVA T&D India continued to receive 400 kV and 220 kV turnkey substation orders from major Private sector investors such as JSPL, Adani Group, Lanco Infratech, Jaiprakash Group etc.

In the Infrastructure segment, your Company received an order for turnkey supply of Secondary Power Distribution System for the Chennai Airport modernization project.

During the year AREVA T&D India achieved significant progress in the Utility segment. Amongst the major orders, your Company has signed a breakthrough Engineering Procurement and Construction (EPC) alliance agreement worth

approximately Rs.9,000 Million with Maharashtra State Electricity Transmission Co. Ltd (MSETCL), for the turnkey design and construction of 220 kV and 132 kV substations. The scope of this agreement includes a total of 36 substations, to be provided at various locations across the State of Maharashtra, over a period of three years. Orders for the first 18 substations, worth Rs.3,600 Million, have already been booked in 2009.

Another landmark success was achieved with Delhi Transco Ltd., where your Company has been engaged to supply two numbers of 220 kV Gas



AREVA T&D signed a long term agreement with Maharashtra State Electricity Transmission Co. Ltd (MSETCL), for the turnkey design and construction of 220kV and 132 kV Substations. This is the first EPC Alliance Model in the Country initiated by a State Electricity Board

Insulated Substations, on turnkey basis, to augment the transmission network in and around Delhi, for the upcoming Commonwealth games in 2010.

In addition, your Company successfully won orders with several other Utilities such as WBSETCL, HVPNL, APTRANSCO, CSPTCEL etc., to build their T&D network for 132 kV, 220 kV and 400 kV substations.

Building upon its experience of executing 600 MW Electrical Balance of Plant (E-BOP) projects for Essar group, the Systems Business bagged another major E-BOP order for 2X600 MW Malwa Power Plant from L&T Power. This further consolidates the position in the 600 MW E-BOP market segment.

Your Company initiated special focus in the small and medium turnkey systems market for Utilities, Industries and Infrastructure. This sub-segment of the business made good progress in 2009, registering order growth over 80%.

During the year, AREVA T&D India delivered and commissioned several projects in the Utility, Industry and Infrastructure segments. Several large projects with Power Grid, WBSETCL, Jindal Group, Adani Group were commissioned. In the infrastructure segment your Company delivered a very challenging Power Distribution project, with GMR Group, for the Delhi International Airport. With these projects, AREVA T&D India has once again demonstrated that it is on the front-line when it comes to execution of projects with emerging technology and innovation.



AREVA T&D India is implementing Electrical Balance of Plant (E-BOP) and equipment for Essar Power Plant projects in Gujarat and Madhya Pradesh

Automation Business

Your Company is a global leader in the Energy management business, which is backed by its expertise in Network Management Services (NMS) and in delivering technologies like Energy Management Systems, SCADA and telecom backbone networks. Major highlights during the year included a prestigious order for the National Load Despatch Centre of Bhutan and successful empanelment as a SCADA/DMS implementation Agency and Consultant for R-APDRP Projects. The Load Despatch centre of Tata Power was successfully delivered on turnkey basis.



The National Load Despatch Centre EMS/SCADA system was dedicated to the nation by country's power minister Mr. Sushilkumar Shinde. The NLDC India project is of national importance, enhances customer's position globally and is realized on AREVA T&D's e-terra technology

Directors' Report

The Automation manufacturing facility at Pallavaram completed 50 years. It has been upgraded to a world class manufacturing facility, by implementing Lean Manufacturing processes. The Unit is rapidly moving towards creating a digital centre in India for MiCOM range of relays and becoming a centre of excellence in near future.

Service Business

Your Company's Service business provides single point services through the product life cycle for various T&D products to the customers. The scope of offering includes all service support the customer would need once products are in their premises—such as E&C services including supervision, warranty support, technical training, maintenance including long term contracts, repair and overhauling, ecofit (retrofit) and spares.

Your Company's customers are supported by 100 field service engineers deployed across the country to quickly respond to customer calls. It's brand new Ecofit workshop at Vadodara plant started production in 2009, providing customers with top class medium voltage retrofit solutions. During the year, the Technical Institute at Padappai also became operational for customers and delivered training for several customers such as DIAL, Jindal Power, CEA, Oil India Limited, IPGCL, etc. In a first of its kind offering, Service business also launched E-learning training modules, which are accessible over the internet. This unique offering has attracted considerable customer interest.

During the year, Service business commissioned a comprehensive online transformer monitoring system against the first ever order of its type received



The newly commissioned Ecofit workshop at Vadodara

from Power Grid. The key orders won in 2009 include turnkey supply and commissioning of one bay extension of Gas Insulated Switchgear from NHPC and complete erection and commissioning of 400/220 kV switchyard from Reliance Infrastructure Ltd, involving AREVA T&D products.

As part of its growth strategy, the Service business is increasingly focusing on securing long term maintenance contracts for carrying out maintenance activities (including operation also in some cases) at customer sites. This is in line with the market trend, where the customers are looking for long term service support.

To summarise, your Company:

- ✔ Mitigated the negative impacts of the economy rather well and successfully grew in the domestic market despite a decline in exports
- ✔ Managed to secure most of the sales volume for 2010 and significantly increased the order backlog
- ✔ Maintained market leadership position in the domestic T&D market
- ✔ Commissioned its new factories, as per plan, to prepare the future growth blueprint of the Company

Research and Development

Research and Development is an important element of your Company's leadership strategy and it continues to invest in R&D program including redesign to reduce cost across all product categories. Important technical developments and new products during the year in the Products business were:

- ✔ Successful localization of Dead Tank Circuit Breakers from 66 kV to 145 kV achieved in the High Voltage Switchgear business. The HV business also took a lead in developing a 72.5 kV Live Tank Circuit Breaker.
- ✔ The new Instrument Transformer factory at Hosur successfully developed 765 kV Current and Capacity Voltage transformers and 550 kV Current transformers. The Unit is developing a new range of Top Core Current Transformers in the 145kV and 245kV ratings.
- ✔ Significant R&D actions in the Secondary Distribution business at Vadodara led to development of Ring Main Unit with integrated metering, outdoor RMU, Auto changeover systems for RMUs with multiple incomers and SCADA ready RMU with motorization and viewing window for protective relay.
- ✔ In the Primary Distribution business, a completely new series of indoor and outdoor Circuit Breakers were launched to customers, the new PCOB-15 and PCOB-36 (outdoor circuit breakers), HVX - (Indoor circuit breakers), PIX MV (Panels for Indoor), HWX - Circuit Breakers and panels (Indoor circuit breakers) will significantly meet customer expectations at different price levels.
- ✔ Power Transformers made significant breakthroughs with the development and launch of 250 MVA Single Phase 400 kV GT Transformer. The first 220 kV 160 MVA and the first 400 kV 250 MVA transformers were successfully completed and dispatched. Manufacturing activity for 765 kV Transformer also was commenced during the year.
- ✔ The Distribution Transformers business developed a 14 MVA Buck boost furnace transformer for the Railwheel project and 75 x 950 KVA compact corrugated, energy efficient GSP transformers for the ENERCON Wind mill green energy projects.

Corporate Social Responsibility

Key CSR initiatives undertaken by the Units:

Medinipur is a district on the South Western side of West Bengal, bordering Orissa. The AREVA Foundation is supporting a programme targeting orphans and vulnerable children (OVCs) in the village, in collaboration with FXB Suraksha - a leading NGO. The AREVA - FXB Suraksha programme is currently covering four villages of Chaipat gram panchayat.

Around 70 HIV affected families in these villages have been identified on the basis of a need gap survey for a basic package of health, education, psychosocial support and income-generating services. The objective of the programme is to help target recipients become self sufficient after 3 years and replicate the programme in other parts. In a short span of less than a year since inception, the programme has yielded visible results in terms of regular school attendance among children and mainstreaming the HIV affected children and adults in the village community.

Naini Unit , Uttar Pradesh

- ✔ Supported local Administration in organizing District level Vegetable and Flower show, supported "EKTA" (An all India Social, Literary and Cultural Organization) in organizing their special programme dedicated to the poor, handicapped students and widows. Supported Allahabad Consumer protection society in organising drive for poor patients, free education for poor children.
- ✔ Supported Kasam 20-20 Yatra for Child Rights Protection.

Hosur Unit, Tamil Nadu

- ✔ Major Greening initiative undertaken at the new site
- ✔ Rain water harvesting has been implemented at the factory.

Padappai Unit, Tamil Nadu

- ✔ Donation of Chairs to Salamangalam village school and sponsorship of its Children's day celebrations.
- ✔ Disposal of 1.5 MT of e-Waste through authorised recycler (ECORECO, Mumbai) in line with-waste notification issued by Central PCB.

Directors' Report

Vadodara Unit, Gujarat

In line with your Company's CSR philosophy of engaging with communities at a local level, the Vadodara Unit has adopted village Alamgarh located near the factory, at Baroda-Halol Road. Your Company has worked with the local village Gram Panchayat and District Authority to build basic amenities like roads, school, temple, milk collection centre etc., in the village.

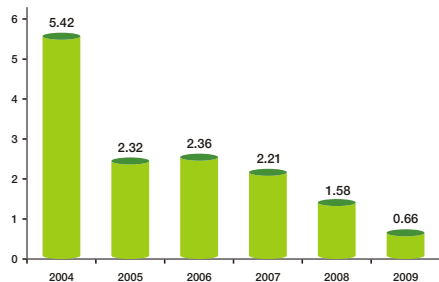


Engagement with the local primary school at village Alamgarh is one of the several CSR initiatives that AREVA T&D India has undertaken around its manufacturing locations

Environment, Health and Safety Initiatives

By deploying safety procedures, training programmes, EHS Policy and communication systems, AREVA T&D India are deeply committed to improve the EHS performance.

EHS statistics for AREVA T&D India: Frequency Rate - 1



The EHS focus is on safeguarding employees by mitigating accidents in work operations and to attain zero Loss Time Injury Frequency Rate (FR-1). In 2009, Loss Time Injury Frequency Rate came down to 0.66.

Key highlights of the Year

Seven manufacturing units recorded more than 1 million man hours of operation without lost time injury.

- Seven manufacturing units received ISO 9000, ISO 14000 and OSHAS 18000 certifications.
- Several manufacturing units received prestigious Awards for good EHS practices.
- These include:
 - (i) Safety Innovation Award 2009 for Naini Unit given by Chairman, Railway Board.
 - (ii) "GREENTECH Safety Award-2009" to Naini Unit - for 'outstanding achievement in Safety management in the manufacturing sector', from Greentech Foundation of USA.
 - (iii) Several customers such as Steel Authority of India Ltd. (SAIL), LANCO, Banaras Hindu University and TATA Motors, gave appreciation letters to your Company's teams for following and practicing good EHS systems at the project sites.

AREVA T&D has a strong global policy on Environment management. Some of the key achievements are:

- 7 manufacturing units certified for ISO 14001 Environment Management System.
- Significant reduction in Water and Energy consumption.
- Air emission, Greenhouse gas emission, Liquid effluent, Conventional waste generation were also reduced at all the locations.



Mr. Gyanendra Kumar, site EHS Head, Naini Unit receiving the Greentech Safety Award, 2009 from Mr. Kamalleshwar Sharan, President – Greentech Foundation, India and Mr. S.K Saxena - Director General, Factory Advice Service & Labour Institute, Govt. of India

Several country level new EHS initiatives were undertaken during the year across multiple manufacturing locations. Some of the key achievements were:

- ✔ A simplified version of EHS Safety handbook cascaded to all sites.
- ✔ E-learning EHS module was developed for new employees.
- ✔ Contractor/ Vendor Training initiated as part of EHS training School.
- ✔ Safety Marshals deployed at units and major sites.

Sustainable Development & Continuous Improvement

During the year under review, the manufacturing units of the Company continued to progress, with the implementation of the global Sustainable Development (SD) model “AREVA WAY” that recognizes the interdependence of economic, environmental and social systems and performance factors. The success of any Sustainable Development initiative is dependent on the involvement of employees. The whole-hearted participation of AREVA T&D India’s employees at all levels is notable in this regard. To quote a few achievements in line with the sustainable development commitments:

- ✔ A Gallery Walk was organized by Country SDCI, during the ExCom (AREVA T&D global management team) visit to India in April 2009. Five galleries depicting Lean Six Sigma projects, Continuous Improvement projects and Country SDCI initiatives were presented to the Executive Committee of AREVA T&D global (ExCom), who commended effective deployment of SDCI initiatives in India.
- ✔ 21 more Lean Six Sigma projects contributing to operational performance improvement were successfully completed and certified.
- ✔ Systems business was certified for Integrated Management System (ISO 9001, ISO 14001 and OHSAS 18001).

Unit level actions:

Naini

- ✔ Commendation Certificate by Safety & Quality Forum of Institute of Engineers, India, for ‘commendable performance in safety’.
- ✔ Golden Jubilee Award 2009 by Eastern UP Chamber of Commerce and Industry, Allahabad, in recognition of ‘extraordinary accomplishment and contribution to the nation’.

Directors' Report

- ✔ HR Excellence award for 'Talent Management in 2009' received from Amity International Business School, Noida.
- ✔ Distribution Transformers Unit at Naini (DTI) was re-certified for Integrated Management System (ISO 9001, ISO 14001 and OHSAS 18001).
- ✔ DTI Unit implemented AD3D software for transformers upto 5MVA leading to reduction of Mechanical design Cycle time from 16 hrs to 3 hrs.

Pallavaram

- ✔ Automation - Pallavaram Site certified for Integrated Management System (ISO 9001, ISO 14001 and OHSAS 18001).
- ✔ Implementation of Eco-friendly design in packing of panels, leading to reduction of wood content by 95% in packing boxes.
- ✔ All product lines transformed to Lean lines and all conventional relay lines relocated in existing two blocks, resulting in space optimisation and reduction in energy consumption.
- ✔ The unit crossed 2.35 Million Man-hours without Loss Time Accidents (LTA) and Automation (Noida) unit crossed 1.23 Million Man-hours without LTA.

Hosur

- ✔ Hosur site certified for Integrated Management System (ISO 9001, ISO 14001 and OHSAS 18001) and Laboratory Management System (ISO 17025 : 2005).
- ✔ First commercial dispatch of 765 kV Current Transformer and Capacity Voltage Transformers.
- ✔ Sustainable Development (SD) project with the aim of deploying the concept of Sustainable Development to all employees was deployed at RMK Hosur. 87 employees were trained on Sustainable Development. Nine projects were shortlisted from 78 suggestions received from employees. Out of these shortlisted projects, one has been selected as SD Focus project, encompassing all the three pillars of Sustainable Development.

Padappai

- ✔ HVM Padappai unit certified for ISO 9001:2008 Quality Management System.
- ✔ Usage of hazardous Trichloro ethylene eliminated fully from production process by installing ultrasonic Aqueous Washing Machine.

Vadodara

- ✔ Medium Voltage unit was certified for ISO 9001:2008 - Quality Management System.
- ✔ First combined Customer day for Medium Voltage Switchgear, Secondary Distribution and Distribution Transformers was organized during the year as a platform to showcase your Company's abilities to the customers, understanding their needs and for improving the customer relationship.

Salt Lake Works

- ✔ The QMS unit which includes Air Insulated Switchgear, Vacuum Circuit Breaker, Vacuum Interrupter was certified to ISO 9001:2008.

Noida

- ✔ Automation and ISN units received AREVA T&D Excellence Award 2009 for 'Completion of Highest percentage of AREVA T&D Electrical Risk Prevention training'.



Lean manufacturing implemented at Pallavaram

Particulars of Employees

A statement, as required under Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, is given in the Annexure which forms part of this report.

Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo

The particulars, as prescribed under sub-section 1(e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure which forms part of this report.

Human Resources

Training and Development

In the year under review, the focus of training was on Competency building across various levels. Some of the key programmes for 2009 were Strategic Leadership for Senior Management Team, Fast Track Business Management with IIM Bangalore for High Potential Managers, Finance for Non-Finance with Faculty from IIM Bangalore. A unique program called Celemi Decision Base was also undertaken for building overall business perspectives into the



A graduate of the prestigious AREVA Continuing Education (ACE) program receiving his diploma from Philippe Guillemot, Chairman & CEO

Managers. During the year, AREVA University conducted Cycle 3 program in India. Another new initiative undertaken was towards building the leadership pipeline. With the help of Unit Managers, people with leadership potential were identified and have also completed succession planning. For senior managers, a 360 degree feedback program was also launched. An average of 4 man days of training for all employees was maintained.

In May 2009, training of the second batch for AREVA T&D Finance Institute Module 1 was conducted at The Indian School of Business (ISB, Hyderabad) – India's leading business school, as training ground for its global finance executives. This training program has been conceptualized by AREVA T&D finance department, implemented with the support of AREVA University, and supported by ISB, Hyderabad and its professors in collaboration with AREVA T&D managers and CEOs of leading Indian companies.

The second batch of AREVA Continuing Education Program for Diploma Engineers was initiated in November, 2009 through a tie up with IIT, Chennai at their campus. 29 Engineers were enrolled for this program.

Recruitment and Retention of Talent

AREVA T&D India has a policy of bringing young talent into the organisation and nurturing them for its future growth. 167 Graduate Engineers and 33 Diploma Engineers joined the organization in 2009. They have been put through intensive training prior to placement at various units. Over the last four years, your Company has achieved high retention



Mr. Karim Vissandjee, CFO, AREVA T&D Global with participants at the T&D Finance Institute Programme held at ISB, Hyderabad

Directors' Report

percentage of Graduate Engineers and Managers. The attrition rate amongst Managers and Professionals was around 4%.

Relocation program for employees in all three Greenfield sites ensured its successful start up and smooth talent transition. Your Company's current employees continue to support the efforts to attract talent through the Employee Referral Scheme, which contributes nearly 29% to the lateral recruitments.

Information Systems and Technology

Your Company continued to invest in Information Systems and Technology to support its business activities.

The overall IT infrastructure was further strengthened to support existing manufacturing units and the new sites. The Country WAN (Wide Area Network) was upgraded to meet business needs. The Company strengthened collaborative tools like IP telephony and Video conference facilities in all major sites and also provided its employees enhanced mobility tools (wireless devices) to access data remotely and be able to meet new challenges of business.

AREVA T&D India continued to reinforce the IT security aspect and enforced an IT security policy in the country. All systems and antivirus softwares were upgraded to keep the IT systems secure.

A significant step was taken to upgrade the ERP system for several businesses such as Systems, Service, Automation and Country Shared Services at NOIDA and Chennai, including the Unit at Pallavaram. The existing SAP software has been upgraded to the latest ECC 6.0 version, and the system has been aligned to the AREVA T&D Global ERP model. These changes will enable the Company to follow the Global best practices and facilitate world wide information sharing and consolidation. It is planned to upgrade the ERP for remaining units in the next two years.

Directors' Responsibility Statement

In compliance of Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- ✓ that the applicable Accounting Standards have been followed in the preparation of final accounts and that there are no material departures;
- ✓ that such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at December 31, 2009 and of the profit of your Company for the year ended on that date;
- ✓ that 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 your Company and for preventing and detecting fraud and other irregularities; and
- ✓ that the annual accounts have been prepared on a going concern basis.

Directors

At the Board Meeting held on July 27, 2009, Mr. Saroj Kumar Poddar stepped down as Chairman of the Company. Mr. S.K.Poddar had a long and illustrious association with the Company. His father, Late Badri Prasad Poddar, was among the first Directors to be appointed in The English Electric Company of India Private Limited (the Company's name at the time of its incorporation in India). Mr.Poddar has successfully steered your Company to its current leadership position in the Indian T&D Industry. Your Directors place on record their deep sense of appreciation for the valuable services rendered by Mr. S.K.Poddar.

During the year, Dr. Ajay Dua was co-opted as Additional Director and Chairman of the Company, effective July 27, 2009. Brief particulars of Dr. Ajay Dua are as under:

Dr. Ajay Dua, a career Civil Servant till July 2008, had served in the Government of India and Government of Maharashtra in several senior capacities. He brings in significant experience of the electricity industry having worked as a Joint Secretary in the Union Ministry of Power and as Chairman cum Managing Director of National Hydro Electric Power Corporation and the Rural Electrification Corporation of India. He has also served on the Board of Directors of NTPC Limited, Power Grid, Power Finance Corporation, North Eastern Electric Power Corporation, Nathpa Jhakri Power Corporation and

Tehri Hydro Development Corporation. He was an initiator of the policy of Power Sector Reforms in India. As Secretary in the Ministry of Industry and Commerce, he had spearheaded the formulation of policy for industrial development, intellectual property and promotion of domestic and foreign investments. Currently he is on the Board of several Indian Firms and also works as a Senior Advisor to many foreign companies.

Considering his background and experience, the Board is of the opinion that the appointment of Dr. Ajay Dua, as Director and Chairman, will be beneficial to your Company.

Your Directors regret to report the sad demise of Mr. Subir Raha, a Director, who passed away on February 1, 2010 after prolonged illness. Mr. Subir Raha was appointed on the Board of the Company on February 28, 2008. Mr. Raha had served with distinction in various senior positions in the Indian Oil and Gas Industry including as the Head of the Oil Co-ordination Committee (OCC). After his retirement from the Public Sector, he served on the Board of Directors of several Indian Public and Private Limited Companies. Your Directors place on record their deep appreciation for the contributions made by him as an Independent director on the Board and as a member of the Audit Committee.

Mr. Michel Augonnet and Mr. Karim Vissandjee retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends the re-appointment of both Mr. Michel Augonnet and Mr. Karim Vissandjee as Directors.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Management Discussion and Analysis and on Corporate Governance have been included elsewhere in this Report as separate sections.

Further, as required under the amended said Clause 49, your Company has adopted a 'Code of Conduct and Ethics' for its Directors and Senior Executives. We feel proud to record here that this is in addition to the AREVA Values Charter which is applicable to all employees of the AREVA Group.

AREVA Global Transmission and Distribution Business Sale

During the year, AREVA, the ultimate holding company decided to exit T&D business and consequent to the decision, AREVA Executive Board began negotiations with the Alstom-Schneider Consortium. In January 2010, the management in India has been informed that a Share Purchase Agreement was signed between AREVA Group and Alstom-Schneider Electric and the completion of the sale transaction is subject to obtaining the merger clearances from EU Commission and other Competition authorities. When the transaction is cleared by the said authorities, the new acquirers, in connection with compliance with SEBI regulations in India, will need to communicate to the shareholders their detailed plans, wherein possible reorganization of the T&D business in India is expected.

Auditors

M/s. Deloitte Haskins & Sells, the retiring Auditors, have indicated their willingness to be reappointed.

For and on behalf of the Board

Dr. Ajay Dua
Chairman

New Delhi
February 12, 2010

Annexure to Directors' Report

Conservation of Energy

Naini Unit

Measures taken to conserve energy

- ✔ Availing 33 kV Line from UPPCL- Under progress
- ✔ Maintaining higher billing PF (Present PF is 0.97)
- ✔ 36 watt Fluorescent Tube Light (FTL) with electronic ballast- being used
- ✔ Unload power optimisation of compressor- one compressor of DT GSP has been used as standby
- ✔ Replacing old and inefficient thermo pack
- ✔ Insulating transformer oil storage tank -done
- ✔ Arresting Compressed Air leakage
- ✔ Insulating bare Valves, flanges and pipes
- ✔ T.F. heating of 6 kl VPI and Micafiler Plant- Heat exchanger received

Additional investments and proposals being implemented to reduce energy consumption

- ✔ Replacement of old and inefficient thermopack would cost around Rs.1 Million
- ✔ Consideration of proposal to replace overhead sodium vapour lamp to energy saving T5 lamp for both MPT and ODT Sheds

Impact of the measures on energy consumption

- ✔ Availing 33 kV line will benefit upto Rs. 0.4 Million per month in electricity bill and dependency on generator will be minimized
- ✔ Maintaining higher billing PF will have advantage in rebate on electricity charges
- ✔ Using T5 Lamps (Compact Fluorescent Lamps) will result in 45% saving in unit in overhead lighting

Consequent impact on the cost of production

- ✔ Approximately Rs.5 Million annually

Pallavaram Unit

Measures taken to conserve energy

- ✔ Closure of Relay Feeder, Panel Fabrication and Power Coating shops

- ✔ Replacement of centralised main compressors with small local compressors to reduce energy consumption

Consequent impact on the cost of production

- ✔ Approximately Rs.8.6 Million

Hosur Unit

Measures taken to conserve energy

- ✔ 5% of the total roof area provided with Polycarbonate roofing resulting in sufficient daylight in the shopfloor
- ✔ Solar lighting provided for the street lighting in front of the administration block
- ✔ Automation of lighting in the toilets in the administration block
- ✔ LPG is being used as fuel for oven heating instead of electricity

Additional investments and proposals being implemented to reduce energy consumption and its impact

- ✔ Extend the solar lighting to the rest of the area around the factory (Additional expenditure estimated: Rs.0.4 Million)
- ✔ Usage of LED lights in appropriate areas. (Additional estimated expenditure: Rs.2 Million)
- ✔ Installation of energy savers for electric street lights. (Additional expenditure Rs.0.5 Million)
- ✔ The initiatives are set to result in savings for the coming years and reduce the cost of production

Padappai Unit

Measures taken to conserve energy

- ✔ North Light Roof Structure for Factory Building for natural light during day time, which shall reduce energy consumption in factory lighting

Additional investments and impact on cost of production

- ✔ Investment of Rs.4 Million for the entire site, resulting in reduction of electricity consumption

Vadodara Unit

Measures taken to conserve energy

- ✔ Automatic Power Factor Compensation Panel (APFC) is installed to achieve Power Factor to reduce tapping of main transformer in substation, which reduces power consumption and stabilises voltage
- ✔ Usage of Fluorescent tubes to save electricity energy
- ✔ Transparent top cover sheet of entire work shop to save power consumption and utilize day light for operation

Additional investments and proposals being implemented to reduce energy consumption

- ✔ Installation of APFC Panels for maintaining power factor to unity which is entitled to rebate from electricity board
- ✔ Motor Sensor installation for conservation of energy for illumination during non utilized time intervals

Technology Absorption, Adaptation and Innovation

The Company has carried out Research & Development activities in the various products that are manufactured.

Benefits of Research & Development

- ✔ Import substitution for several critical components and raw materials resulting in reduction of cost and operating working capital

- ✔ Development of 72.5 kV Live Tank Circuit Breaker

- ✔ A new series of indoor and outdoor Circuit Breakers were launched during the year

Future Plan of Action

- ✔ To develop higher rated Reactors and Furnace Transformers
- ✔ To create a digital centre in India for Microm range of relays
- ✔ To become centre of excellence for electro-mechanical relays in near future
- ✔ Operations Innovation centre, for Substation Automation at Noida
- ✔ To develop Glass Reinforced Concrete (GRC) structure and create a market for the same

Expenditure on Research & Development : Rs. 77,954 thousands

R&D Expenditure as percentage of total turnover 0.21%

For details regarding imported technology and status regarding their absorption, please see the Schedule annexed hereto.

Foreign Exchange Earnings and Outgo

The details of foreign exchange used and earned by the Company (including that earned by third parties) during the year ended 31.12.09 are as under:

	Rupees Thousands
(a) Foreign Exchange used	8,437,728
(b) Foreign Exchange earned	10,829,293

Schedule of Imported Technology

Sl.No.	Technology	Year of Import	Status regarding absorption
1	145 kV Gas-insulated substation - type F35	2008	fully absorbed and industrialized
2	245 kV Gas-insulated substation - type B105	2008	under absorption
3	420 kV Gas-insulated substation - type T155	2009	under absorption
4	800 kV, 240 MVA GT and 333 MVA ICT	2009	under absorption
5	110 MVAR, 63 MVAR	2009	under absorption
6	Large rating Regulating Transformer (188 MVA 220 kV rating)	2009	under absorption
7	Large rating Furnace Transformer (80 MVA rating)	2009	under absorption

Management Discussion & Analysis Report

Market segmentation

The T&D market consists of two segments

- Transmission involves equipments and systems from 66 kV to 1200 kV. The demand for transmission is almost entirely from integrated power generating companies and power transmission utilities. Some industries which use large quantities of electricity, such as aluminium and steel producers, may be connected directly to the transmission grid. In general, the demand for Transmission Segment has been positive in 2009 and is expected to maintain the same trend in 2010.
- Distribution involves equipments and Systems from 11 kV to 33 kV. Small and Medium industries mostly use distribution level of voltages. 2009 was

a difficult year for this segment of the market which reported a negative growth. An upturn of this segment is expected sometime in the second half of 2010.

Market evolution

Subsequent to the financial crisis in 2008, the Government of India, through its stimulus packages has managed a decent growth of Indian economy. The Indian stock market responded well, with the Sensex crossing 16000+ mark.

The Utilities reported a positive investment climate in 2009, driven by the public sector and government owned utilities.

Private sector, in general, remained cautious about new investments in 2009. Consequently, many industrial projects and infrastructure projects did not materialize.



Drivers of T&D Industry

Power Generation is one of the key drivers of the T&D industry. As per latest estimates of Government of India, the country is expected to add around 62 GW of power generation against the original target of 78 GW for the 11th Plan period.

Some pessimists suggest 52 to 55 GW as a more realistic target in view of ongoing difficulties in land acquisitions, in obtaining Coal linkages and in securing financial closures by the power plant developers.

In the transmission segment several initiatives have been taken to build 765 kV EHV networks, as well as specific HVDC links. The initiatives towards testing of equipments for 1200 kV network and trial installations are already in progress.

Several SEBs are also augmenting their 400 kV and 220 kV networks.

Smart Grid

AREVA T&D is among the leading Companies in the world who have taken initiatives in Smarter Grid technologies.

AREVA T&D's Smart grid technologies are in use in the Indian Power Grid, via 3 Regional Load Despatching Systems and the National Load Despatching System. AREVA T&D's technology manages 70% of the power flow of the Indian Power Grid.

AREVA T&D expects to see further usage of such Smart technologies by the State Transmission Utilities (STU) as well as the Distribution Utilities (DU). It will help India to build a reliable T&D network and significantly reduce losses once Smarter T&D equipments are progressively deployed in the network.

Government of India has taken initiatives to the increasing integration of Non Conventional Energy (NCE) such as Wind, Solar and Hydro sources to the grid requiring specific T&D technologies.

Other Key Developments

So far, the Central and the State Governments are the major investors in the power transmission sector. However there is a new development in the market. The Central Government has initiated new policies which encourage Public - Private partnership in the transmission sector. A BOOT concept for transmission substations has been adopted to help open up the sector for private investments. Open access for transmission will allow IPPs to have a dedicated corridor for transmission of bulk power. Some SEBs have taken initiatives towards launching BOOT projects for 400 kV and 765 kV Substations.

Distribution segment has already seen initiatives such as the R-APDRP program, which is focusing on IT based data collection, city distribution and SCADA system. It is expected that such initiatives, for which expertise is available with select players, will create business opportunities for T&D companies in the near future.



AREVA T&D supports the SmartGrid revolution through the use of IT technology with smart integrated solutions from Equipment to Central Markets

Management Discussion & Analysis Report

Opportunities and Threats

Opportunities

The increasing requirement of High Voltage Substations provides major opportunities for AREVA T&D's Systems and Products.

Your Company expects higher T&D investments via the Power generation programme, due to a favorable investment scenario, hopefully after July 2010. Your Company also expects price realization to improve towards later part of 2010.

765 kV EHV transmission highways and HVDC links would open up new opportunities.

AREVA T&D India has already built up additional manufacturing capacities for meeting the future demand for Transmission and Distribution equipments. This will help the company to serve the market requirements more efficiently.

Threats

Expected recovery of the Industry and the Infrastructure Segments of the market is still not visible, furthermore, delay in ongoing projects will create an adverse impact.



During 2009, the Chinese and Koreans have been very aggressive in their T&D pricing strategy. A similar trend, if continued in 2010, would be a threat for the T&D industry.

Increase in input costs, especially metals, may bring margins under further pressure unless the market is able to pay for this increase.

Business Projections

Your Company has undertaken several initiatives to strengthen its leadership position in the T&D Industry and to meet rapidly evolving customer expectations with the latest products and solutions from its global portfolio. Towards this, it has also made significant investments in adding new manufacturing capacities, acquiring new technologies and upgrading its existing capacities around the Country.

Your Company has made continuous efforts to make the AREVA T&D brand highly visible amongst all its stakeholders.

Support functions to achieve our goals

Human Resources

The employee strength of your Company as on 31st December 2009 is 5200.

The T&D India Human Resource function is committed to helping AREVA T&D India become the "Industry Benchmark" by : Shaping the Company's management culture, ensuring support, develop managers and employees in executing their business objectives by identification and the development of their leadership and technical skills.

During the year under review, several initiatives were undertaken, which have significantly contributed to improvements in recruitment, retention and development of talent.

Your Company has successfully completed long term wage settlements in its manufacturing site at Pallavaram. It has also concluded a highly successful Graduate Engineer Training (GET) program, with almost 200 Engineers (Graduate + Diploma) placed through Campus recruitment.

Technology leader with first local development and manufacturing of 1200 kV Capacitor Voltage Transformer



Graduate Engineer Training (GET) integration Program 2009.

Finance

As a leader in the field of electrical energy delivery, AREVA T&D India has adopted a World Class Finance organization for the success of the Company and to become the benchmark of the industry. With the establishment of Finance Shared Services Centre (FSSC), the segregation of duty was established for all finance processes. Business unit Finance focuses on Controlling, which enables Financial Controllers to concentrate on unit's growth and improve competitiveness of the product, in joint effort with respective UMDs. FSSC focuses on accuracy, speed and efficient processing of transactions through processes and tools such as intelligent scanning, expense claim workflows and messenger communication. Monthly performance reviews through dashboards help to identify areas for improvement. Service Level Agreements are established with units in the Company to ensure that the FSSC performance is as defined and agreed with the units.

Migration from the localized SAP to a global T&D accounting system (T@IS) has been carried out in all Systems units and a few manufacturing units during the year.

In the next couple of years, the remaining manufacturing units will migrate to T@IS, bringing standardisation across all the units and to prepare the groundwork for convergence with IFRS.

Mandatory Training was undertaken for employees in all the phases of change in order to acquire working knowledge. Key employees were sent for training with reputed International Business Schools and AREVA University.

Action plans charted for improving various levers of internal controls were closely monitored by the management. In a phased manner, the actions are expected to be completed over a period of three years.

All these actions are carried out under four pillars namely: Manage Talent, Create Value, Optimize Governance and Increase efficiency with a mission to create a world class Finance function.

With a 30% CAGR in revenues over the past 3 years, a need for strong monitoring compliance across all functions and all units is required. A new electronic tool, "The Compliance Manager" is in the final stage of implementation across all locations.

Environment, Health and Safety

Environment, Health and Safety (EHS) are 3 top priorities for AREVA T&D India. The Company's management believes that EHS is a key differentiator to its positive image and sustainable business model.

Management Discussion & Analysis Report

During the year Certification/Recertification of OSHAS 18000 and ISO 14000 at the manufacturing locations were also completed during the year. All manufacturing sites are fully EHS compliant, with dedicated EHS personnel stationed at these locations, who work with the local teams. Seven manufacturing sites have completed one million man hours without any lost time injury.

In the framework of the AREVA Sustainable Development Policy, the Company continues to be committed to improve its performances in risk prevention and environmental protection.

Communication

During the year under review AREVA T&D India made several efforts in increasing investor communication activities. Senior Executives of your Company held one-to-one meetings with the investor community and also conducted 3 post results investor conference call based interactive sessions to discuss the progress and performance of the Company. Your Company also communicates regularly with stakeholders by way of press releases, results, notices and investor presentations to update them on any key material information. This is in keeping with the intention to be transparent to the investing community and to keep them abreast of the appropriate and material information on a timely basis.

Risk and Internal Controls

Your Company has an established Internal Audit function that provides an assurance on internal controls over the activities at the various operating units and offices. Remedial measures are suggested by them to mitigate the risks identified during the course of their audit assignments and action plans from the auditees facilitate the implementation of such recommendations. The main risks are periodically disclosed to the Audit Committee by the head of Internal Audit function of your Company. Additionally, your Company also uses Internal Control Tool kit, a self-assessment tool for the units and offices to proactively identify the risks and controls that need to be strengthened in various spheres of their activities. The Company is now ready

to strengthen the framework through deployment of a structured risk assessment exercise using the Business Risk Model approach. While this was completed at business entity level in 2009, it is planned to undertake it at operating units level during 2010.

Outlook

In the backdrop of current market conditions the outlook for AREVA T&D India in 2010 looks positive. The Government of India's Mission 2012 of 'Power for All' will require critical support from a robust Transmission and Distribution infrastructure. The Government has prepared a comprehensive blueprint for Power Sector development, encompassing an integrated strategy for the sector development. Key to its success is a Transmission Strategy focusing on development of National Grid, including interstate connections, technology upgradation and optimization of transmission cost. The revival from the financial crisis has also pumped hope back in the global economy and the Indian economy is expected to come back on the 9% GDP growth levels.

Overall, there is a good size of market available for T&D. Also there are new areas that AREVA T&D India has expertise in, such as Smart Grid, Intelligent Devices etc., where the demand is expected to pick up.

On the other hand, there are also myriad challenges facing the Indian Power industry: there is a very serious issue of fuel shortage to meet the power generation targets and land acquisition still remains a major area of concern. In spite of several positive policies from the Government of India, the actual implementation of projects has not been satisfactory. The financial crisis of 2008 has made investors more cautious, who seem to prefer safety of investments over return on investments. Increasing competition from China and Korea is also bringing new dimensions and challenges. AREVA T&D India remains totally focused to meet these challenges and realign itself to deliver the best and create value for its shareholders.

Corporate Governance

1. Company's philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is aimed at assisting the top management of the Company in conducting its business in an efficient and transparent manner and in meeting its obligations to shareholders and other stakeholders. In doing so, the Company strives to adhere to AREVA Values viz:

- Customer Satisfaction
- Profitability
- Responsibility
- Integrity
- Excellence
- Sincerity
- Partnership

2. Board of Directors

A. Composition

The present strength of the Board is seven. Of them, six Directors are non-executive comprising more than 85% of the Board strength. The Chairman and two others are Independent Directors and non-executive. The Company does not have any nominee Director. The present composition of the Board meets the requirement of SEBI's guidelines as per the amended Clause 49 of the Listing Agreement and The Companies Act, 1956.

B. Attendance of Directors at the Board Meetings and at the last Annual General Meeting

Sl. No.	Names of Directors	Position	Classification	Number of Board Meetings attended (Jan – Dec 2009)	Attendance at the last AGM held on 12.05.2009
1	Dr. Ajay Dua ¹	Chairman	Independent (Non-executive)	2	N.A.
2	Mr. S.K. Poddar ²	Former Chairman	Independent (Non-executive)	3	Yes
3	Mr. Rathindra Nath Basu	Managing Director	Executive	4	Yes
4	Mr. Michel Augonnet	Director	Non-executive	-	No
5	Mr. Pierre Laporte ³	Director	Independent Non-executive	1	No
6	Mr. Arthur De Montalembert	Director	Non-executive	1	No
7	Mr. C.M.A. Nayar	Director	Independent Non-executive	4	Yes
8	Mr. Subir Raha ⁴	Director	Independent Non-executive	-	No
9	Mr. Karim Vissandjee	Director	Non-executive	2	No

¹ Appointed as an Additional Director and Chairman at Board Meeting held on 27.07.2009 ² Resigned from the Board of Directors on 27.07.2009.

³ Independent Director w.e.f. 01.11.2009 ⁴ Passed away on 01.02.2010

The appointment of Mr. Pierre Laporte, who was co-opted to the Board as Additional Director, was confirmed by the shareholders in the last AGM held on 12.05.2009.

Brief write-ups about the Directors, due for appointments/re-appointments are given elsewhere in this report.

Corporate Governance

C. Number of other Companies or Committees in which any of the Directors (being a Director as on the date of this Directors' Report) is a Director/Chairman/Member

Sl.No.	Name of the Director	No. of other Directorships (Excluding foreign Companies and Private Limited Companies)	No. of other Committees	
			As Chairman	As Member
1	Dr. Ajay Dua ¹	6	1	4
2	Mr. Rathindra Nath Basu	--	--	--
3	Mr. Michel Augonnet	--	--	--
4	Mr. Arthur de Montalembert	--	--	--
5	Mr. C. M. A. Nayar	--	--	--
6	Mr. Karim Vissandjee	--	--	--
7	Mr. Pierre Laporte	--	--	--

¹ Appointed w.e.f 27.07.2009

D. Number of Board Meetings held and the dates of Board Meetings

Number of Board Meetings held during the year ended December 31, 2009 : Four

Dates of the Board meetings

- February 20, 2009;
- April 27, 2009;
- July 27, 2009;
- October 26, 2009

3. Disclosures regarding Directors' appointment and re-appointment

At the ensuing AGM, Mr. Michel Augonnet and Mr. Karim Vissandjee, Directors, retiring by rotation, are proposed to be re-appointed and Dr. Ajay Dua, Chairman is to be appointed. Brief particulars of these Directors are as under:

Mr. Michel Augonnet, is a Graduate in Electrical Engineering from Ecole Superieure d'Electricite (France). His career started in 1974 at CEGELEC Energy Division. In a career span of 35 years, he has held several key positions in CEGELEC, ALSTOM and ABB ALSTOM. At present, he is the Executive Vice President-Systems Business, AREVA T&D SA.

Mr. Karim Vissandjee graduated from H.E.C.Montreal (Canada). Before joining AREVA, he worked as Chief Financial Officer of Group Vedior France, after having held various top positions in finance within LVMH, Valeo and Olivetti. Presently, he is the Chief Financial Officer of AREVA T&D SA. He is a Member of the Audit Committee and the Share Transfer and Shareholder / Investors Grievance Committee of the Company. Mr. Karim Vissandjee is also a Director on the Board of AREVA India Private Limited.

Dr. Ajay Dua, a career Civil Servant till July 2008, had served in the Government of India and Government of Maharashtra in several senior capacities. He brings in significant experience of the electricity industry having worked as a Joint Secretary in the Union Ministry of Power and as Chairman cum Managing Director of National Hydro Electric Power Corporation and the Rural Electrification Corporation of India. He has also served on the Board of Directors of NTPC Limited, Power Grid, Power Finance Corporation, North Eastern Electric Power Corporation, Nathpa Jhakri Power Corporation and Tehri Hydro Development Corporation. He was an initiator of the policy for Power Sector Reforms in India. As Secretary in the Ministry of Industry and Commerce, he had spearheaded the formulation of policy for industrial development, intellectual property and promotion of domestic and foreign investments.

Dr. Ajay Dua is the Chairman of the Audit Committee and the Share Transfer and Shareholder / Investors Grievance Committee of the Company. He is on the Boards of Dabur India Ltd., HSBC InvestDirect Ltd., HSBC InvestDirect Securities Ltd., HSBC InvestDirect Finance Ltd., AVIVA Life Insurance Ltd. and JK Laxmi Cement Ltd. He also works as a Senior Advisor to many foreign companies.

4. Non-executive Directors Compensation and Disclosures

Non-executive Directors (Other than Independent Directors) are not paid any compensation other than sitting fees.

5. Code of Conduct and Ethics for Directors and Senior Executives

In line with the amended Clause 49 of the Listing Agreement, which came into effect from January 1, 2006, the Company adopted a Code of Conduct and Ethics for its Directors and Senior Executives.

The purpose of this Code is to promote conduct of business ethically in an efficient and transparent manner and to meet its obligations to shareholders and all other stakeholders in full compliance with the AREVA Values Charter which applies within all companies forming part of the AREVA Group.

The Code has also been posted on the Company's website.

6. CEO/CFO Certification

In line with the requirements of Clause 49 (V) of the Listing Agreement, the Managing Director and the Regional Finance Director, have submitted the CEO/CFO Certification, certifying to the Board inter alia that the Financial Statements and the Cash Flow Statements for the year ended 31.12.2009 were reviewed to the best of their knowledge and belief, that they do not contain any untrue statement, omit any material facts, are not misleading statements, together present a true and fair view and are in compliance with the applicable laws and regulations. The certificate further confirms that the transactions entered into by the Company for establishing internal control, financial reporting, evaluation of the internal control systems and making of necessary disclosures to the Auditors and the Audit Committee have been complied with.

7. Audit Committee

The composition of the Audit Committee is as under:

Dr. Ajay Dua - Chairman	Independent Member
Mr. C.M.A. Nayar	Independent Member
Mr. Karim Vissandjee	Member with Financial Management Expertise

The above composition duly meets the requirement under amended Clause 49 of the Listing Agreement.

Mr. Rathindra Nath Basu, Managing Director, is a permanent invitee to all Audit Committee meetings.

The Regional Finance Director, Deputy Regional Finance Director, the Internal Auditor and the representatives of Statutory Auditors and Cost Auditors are invitees to the relevant meetings of the Audit Committee. The terms of reference of the Audit Committee are wide enough covering the matters stipulated in Clause 49 of the Listing Agreement and The Companies Act, 1956.

The terms of reference and powers of the Audit Committee shall be as mentioned in Clause 49 II (D) of the Listing Agreement entered into with the Stock Exchanges and would include overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issues and issues related to risk management and compliances.

The Audit Committee acts as a link between the management, external and internal Auditors and the Board of Directors.

Corporate Governance

During the year 2009, the Audit Committee met four times and the attendance of the Audit Committee Members at the said meetings are as detailed below:-

Sl.No.	Names of Directors	Number of Meetings attended
1	Dr. Ajay Dua ¹	1
2	Mr. S.K.Poddar ²	3
3	Mr. C.M.A. Nayar	4
4	Mr. Subir Raha ³	-
5	Mr. Karim Vissandjee	2

¹ Appointed w.e.f 27.07.2009. ² Resigned on 27.07.2009. ³ Upto 01.02.2010

8. Remuneration Committee

Remuneration Committee, as contemplated under the Listing Agreement, has not been constituted.

The remuneration paid to Mr. Rathindra Nath Basu, Managing Director, is as per the applicable provisions of the Companies Act, 1956 and within the limits specified under Schedule XIII thereto and duly approved by the shareholders.

9. Remuneration to Directors

Details of remuneration paid to the Directors, both executive and non-executive, during the year ended 31.12.2009 are as under:

A. Non-executive Directors				
Sl.No.	Names of Directors	Position	Sitting Fees Paid (Rs.)	Commission (Rs.)
1	Dr. Ajay Dua ¹	Chairman (Non-executive)	85,000	Nil
2	Mr. S.K. Poddar ²	Former Chairman (Non-executive)	1,50,000	Nil
3	Mr. C.M.A. Nayar	Director	1,60,000	Nil
4	Mr. Subir Raha ³	Director	Nil	Nil

¹ Appointed w.e.f 27.07.2009. ² Resigned on 27.07.2009. ³ Upto 01.02.2010

Notes :

- Other than sitting fees, for attending the Board and/or Committee Meetings, the non-executive Independent Directors of the Company are not entitled to any other remuneration.
- No sitting fees was paid to the non-executive Directors employed within AREVA Group for attending Board or Committee Meetings.

B : Executive Director					
Name	Designation	Sitting Fees Paid (Rs.)	All elements of remuneration package i.e. salary, benefits, allowances, bonus, contributions and perquisites (Rs.)	Commission paid (Rs.)	Total (Rs.)
Mr. Rathindra Nath Basu	Managing Director	Nil	1,64,73,728	Nil	1,64,73,728

10. Shareholders/Investors Grievance Committee

The Board of Directors have constituted a “Share Transfer and Shareholders / Investors Grievance Committee” in line with the Listing Agreement, which is responsible for all matters concerning the share transfers, transmissions, issue of duplicate share certificates and attending to the grievances of the shareholders.

The present composition of the Committee is as under:

Dr. Ajay Dua - Chairman

Mr. Rathindra Nath Basu

Mr. Karim Vissandjee

The Company has appointed Mr. C. S. Ashok Kumar, Company Secretary as the ‘Compliance Officer’, who may be contacted for any matter relating to share transfers/transmissions, non-receipt of Annual Reports, Dividend, etc. During the year, the Company received 11 complaints from shareholders mostly pertaining to non-receipt of dividend warrants and a few for non receipt of Annual Reports and Share Certificates. These were replied suitably to the satisfaction of the shareholders and no complaint remained pending. The Company did not have any pending transfers as at December 31, 2009.

11. Disclosures

- (i) There were no materially significant related party transactions during the year having conflict with the interests of the Company.
- (ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any other statutory authority on matters relating to capital markets during the last three years.
- (iii) The Company has not made any rights or public issue during the period covered by this report.
- (iv) It is confirmed that no personnel has been denied access to the Audit Committee.
- (v) It is confirmed that the mandatory requirements are complied with and the non mandatory provisions are adopted wherever necessary.

12. General Body Meetings

A. The details of General Body Meetings held during the last three years are given below:

Sl.No.	General Body Meetings	Date and Time	Venue
1.	Meeting of the Shareholders pursuant to the Calcutta High Court’s Order for sanction of the Scheme of Amalgamation for three AREVA entities with the Company	28th February 2007 10.00 a.m.	Kalamandir Auditorium 48 Shakespeare Sarani Kolkata-700 017
2.	51 st Annual General Meeting	5th November 2007 10.00 a.m.	Kalamandir Auditorium 48 Shakespeare Sarani Kolkata-700 017
3.	52 nd Annual General Meeting	25th April 2008 10.00 a.m.	Kalamandir Auditorium 48 Shakespeare Sarani Kolkata-700 017
4.	53 rd Annual General Meeting	12th May 2009 10.00 a.m.	Kalamandir Auditorium 48 Shakespeare Sarani Kolkata-700 017

Note :

- All the resolutions set out in the respective notices for the above meetings were duly passed by the shareholders with the requisite majority in each case.
- None of the items to be passed at the ensuing Annual General Meeting is required to be passed by Postal Ballot.

Corporate Governance

13. Means of Communication

Half-yearly report sent to each household of shareholders : No, but published in specified newspapers.

Quarterly Results
 which newspapers normally published in : The Economic Times (English) in all editions and Jansatta (Hindi) in Delhi.

Any website, where displayed : www.aveva-td.in

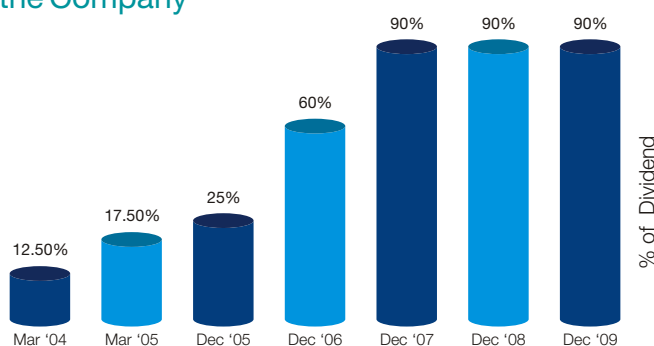
Whether it also displays official news releases and presentations made to institutional investors or to the analysts : Yes.

Whether Management Discussions and Analysis is a part of Annual Report or not : Yes, annexed to the Directors' Report.

14. Shifting of Registered Office

The Company has shifted its Registered Office from Kolkata to E-48/7, Okhla Industrial Area, Phase II, New Delhi 110020 w.e.f September 01, 2009 consequent upon receipt of the approval from the shareholders and Order of the Company Law Board for shifting the Registered Office of the Company from the State of West Bengal to the National Capital Territory of Delhi.

15. Dividend History of the Company



16. Unclaimed Dividend

The amount of Dividends lying unclaimed for a period of seven years in the Unpaid Dividend Accounts of the Company will be transferred to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956. The due dates for the said transfer are as follows:

Financial Year ended	Amount outstanding as on 31.12.2009 (Amount in Rs.)	Due date for transfer
31.03.2004	521,599.22	18.08.2011
31.03.2005	814,675.00	12.10.2012
31.12.2005	1,234,484.01	21.06.2013
31.12.2006	2,922,060.00	11.12.2014
31.12.2007	4,410,936.00	01.06.2015
31.12.2008	4,674,765.60	17.06.2016

As a measure of good Corporate Governance, the Company had during the year sent letters to all such shareholders, to whose credit any amount of dividend was lying as unclaimed, advising them to claim such amount at the earliest. There has been a good response from the shareholders to the said letters, which were duly attended to by the Company. The Company shall respond to all such valid requests received from the shareholders before the amounts are statutorily transferred on the abovementioned dates.

17. General Shareholder Information

a	AGM: Venue, Date and time	:	FICCI Golden Jubilee Auditorium Federation House, Tansen Marg, New Delhi - 110001 Friday the 23rd day of April, 2010 at 10.00 A.M.
b	Financial Calendar	:	January to December
	For the Financial Year 2009		
	• First Quarter Results will be published during	:	April, 2010
	• Half Yearly Results will be published during	:	July, 2010
	• Third Quarter Results will be published during	:	October, 2010
	• Results for the fourth quarter and for the year ending on December 31, 2010, will be published during	:	February / March, 2011
c	Dates of Book Closure	:	From April 16, 2010 to April 23, 2010 (both days inclusive)
d	Dividend Payment Date	:	Dividend if approved at the AGM will be paid on or after April 26, 2010
e	Listing on Stock Exchanges	:	The Calcutta Stock Exchange Association Ltd. 7 Lyons Range Kolkata 700 001 Bombay Stock Exchange Ltd. Phiroz Jeejeebhoy Towers Dalal Street, Mumbai 400 023 National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai 400 051

The Company has paid the Listing Fees for the year 2009-10 to the three Stock Exchanges.

f) Stock Code

The Calcutta Stock Exchange Association Ltd	:	17035 for physical and 10017035 for demat scrips
Bombay Stock Exchange Ltd	:	22275 for physical and 522275 for demat scrips
National Stock Exchange	:	Symbol : AREVAT&D
ISIN Number for NSDL and CDSL	:	INE 200A01026

Corporate Governance

g) Market Price Data - As quoted in the Stock Exchange, Mumbai and Reference of AREVA T&D India Ltd in comparison with BSE SENSEX :

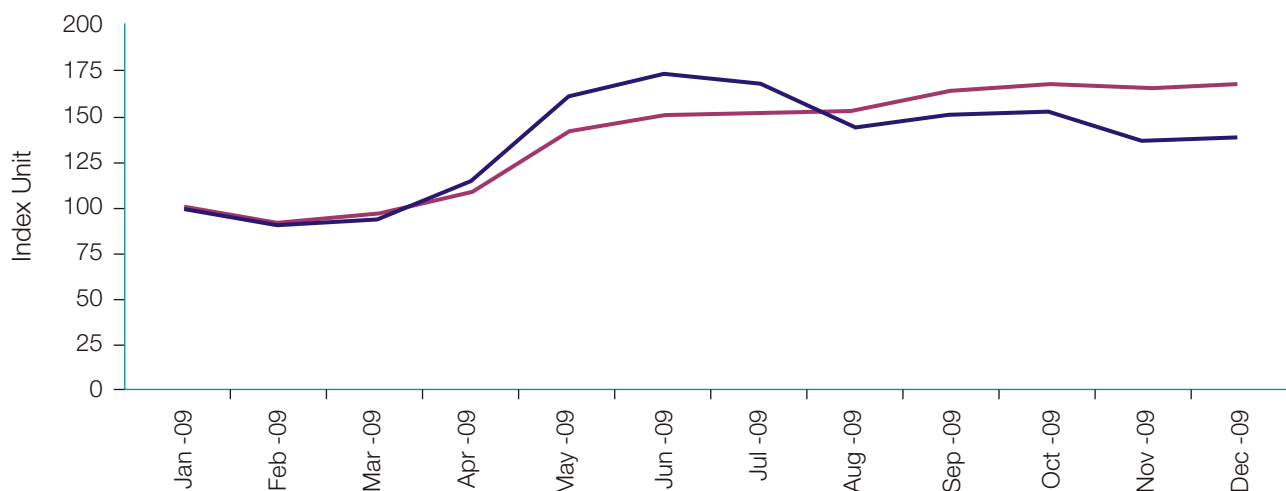
	AREVA T&D India Ltd Share prices on BSE		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January '09	222.95	170.55	10469.72	8631.60
February '09	207.00	166.00	9724.87	8619.22
March '09	206.00	166.25	10127.09	8047.17
April '09	255.00	199.05	11492.10	9546.29
May '09	358.60	219.00	14930.54	11621.30
June '09	386.00	300.00	15600.30	14016.95
July '09	373.90	275.10	15732.81	13219.99
August '09	321.50	277.10	16002.46	14684.45
September '09	336.05	285.00	17142.52	15356.72
October '09	339.70	266.15	17493.17	15805.20
November '09	306.40	265.10	17290.48	15330.56
December '09	309.00	267.50	17530.94	16577.78

Market Price Data - As quoted in the National Stock Exchange and Reference of AREVA T&D India Ltd in comparison with S&P CNX Nifty

	AREVA T&D India Ltd Share prices on NSE		S&P CNX Nifty	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January '09	224.00	168.00	3147.20	2661.65
February '09	204.35	160.20	2969.75	2708.45
March '09	206.00	160.10	3123.35	2539.45
April '09	254.00	199.05	3517.25	2965.70
May '09	359.80	219.20	4509.40	3478.70
June '09	385.90	302.90	4693.20	4143.25
July '09	374.00	294.30	4669.75	3918.75
August '09	322.20	277.15	4743.75	4353.45
September '09	335.80	285.15	5087.60	4576.60
October '09	340.00	254.20	5181.95	4687.50
November '09	306.25	265.30	5138.00	4538.50
December '09	309.80	267.50	5221.85	4943.95

h) Stock Performance of AREVA T&D India Ltd Vs. BSE Sensex

Indexed comparison - AREVA T&D India Ltd Share Price with BSE Sensex

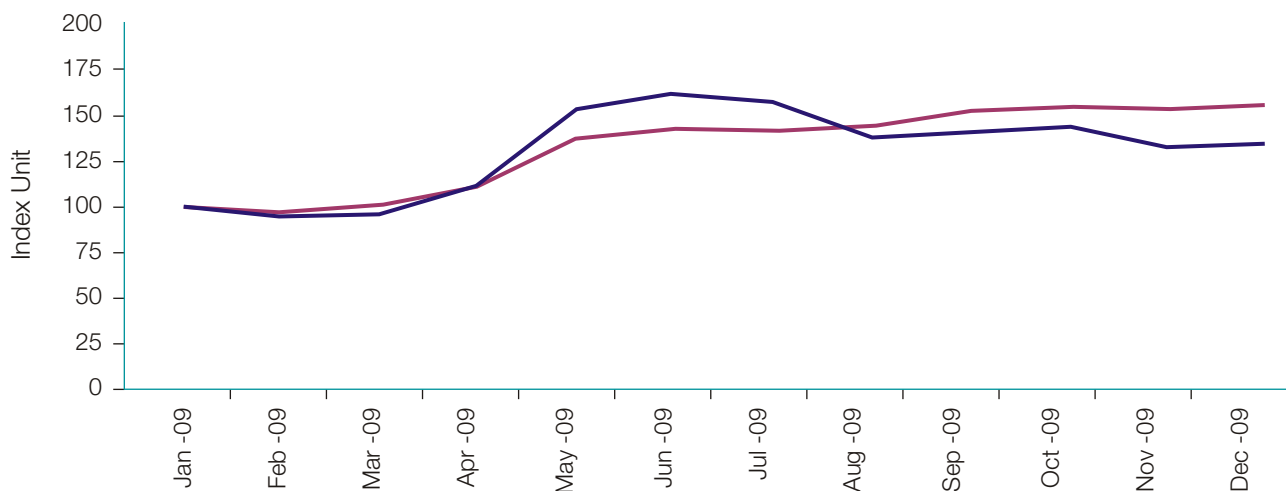


AREVA T&D India Ltd Share price as in January 2009 Rs. 222.95 = 100 units
 BSE Sensex as in January 2009 10469.72 = 100 units

— AREVA T&D India Ltd — BSE Sensex

Stock Performance of AREVA T&D India Ltd Vs. S&P CNX Nifty

Indexed comparison - AREVA T&D India Ltd Share Price with S&P CNX Nifty



AREVA T&D India Ltd Share price as in January 2009 Rs. 224.00 = 100 units
 S&P CNX Nifty as in January 2009 3147.20 = 100 units

— AREVA T&D India Ltd — S&P CNX Nifty

Corporate Governance

i) Shareholding pattern as on December 31, 2009

Sl. No.	Category	No. of Equity Shares held	Percentage (%)
1	Foreign Principal		
	- AREVA T&D SAS, France	- 132,919,225	
	- AREVA T&D Holding SA	- 27,893,950	
	- Long & Crawford Limited	- 11,772,725	
		172,585,900	72.18
2	General Public	29,401,850	12.30
3	Insurance Companies	21,648,841	9.05
4	Corporate Bodies	6,984,673	2.92
5	UTI and other Mutual Funds	4,636,082	1.94
6	Foreign Institutional Investors	1,798,397	0.75
7	Non-resident Indians, Overseas Corporate Bodies and Foreign Nationals	1,014,463	0.43
8	Clearing Member	834,689	0.35
9	Financial Institutions and Banks	173,195	0.07
10	Trust	25,340	0.01
11	State Government	605	0.00
	Total	239,104,035	100.00

j) Distribution of Holdings as on December 31, 2009

Category	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1 - 500	67589	86.09	8,561,344	3.58
501 - 1000	4970	6.33	3,935,129	1.65
1001 - 2000	2813	3.58	4,226,460	1.77
2001 - 3000	1144	1.46	2,931,196	1.23
3001 - 4000	578	0.74	2,089,672	0.87
4001 - 5000	385	0.49	1,812,211	0.76
5001 - 10000	661	0.84	4,761,201	1.99
10001 and above	373	0.47	210,786,822	88.15
Total	78513	100.00	239,104,035	100.00

- k) Registrars and Share Transfer Agents : C B Management Services (P) Limited
P-22, Bondel Road, Kolkata - 700 019
Telephone : 91 33 40116716/17/28
Fax : 91 33 2287 0263
E-mail : rta@cbmsl.com

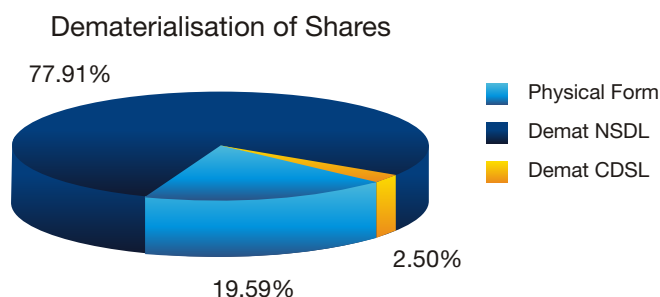
l) Share Transfer System

A Committee of Directors - Share Transfer and Shareholders / Investors Grievance Committee was constituted to approve the transfers and transmissions of shares, issue of duplicate share certificates and allied matters. In addition to the above, to expedite the share transfer process Mr. C.S. Ashok Kumar, Company Secretary and the Registrars and Share Transfer Agents CB Management Services (P) Limited have been severally authorised to approve share transfers and transmissions which are given effect to atleast every fortnight.

The Company's Registrars CB Management Services (P) Limited have adequate infrastructure to serve the shareholders and process the share transfers. In compliance with the Listing Agreement every six months the share processing system is audited by a practising Company Secretary and a Certificate to that effect is issued. The Company's scrip forms part of the SEBI's compulsory demat segment.

m) **Dematerialisation of shares and liquidity**

The Company's scrip forms part of the compulsory demat segment for all investors effective 26th June, 2000. To facilitate the investors in having an easy access to the Demat System, the Company has signed up with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The connectivity has been established through the Company's Registrars CB Management Services (P) Limited. As at December 31, 2009 a total of 192261283 equity shares of the Company, constituting 80.41% of the paid-up share capital, stand dematerialised.



n) **Secretarial Audit Report**

As stipulated by the SEBI a qualified Practising Company Secretary carries out the Secretarial Audit to reconcile the total admitted Capital with National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total Issued and Listed Capital. The Audit is carried out every quarter and the Report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The Report inter alia confirms the total listed and paid up share capital of the Company is in agreement with the aggregate of the total dematerialized shares and those in the physical mode.

o) **Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on Equity**

None.

p) **Plant Locations**

In all, the Company has seven manufacturing locations which are - one in Kolkata, two in Chennai and one each at Hosur, Noida, Naini (Allahabad) and Vadodara. Their full addresses, telephone / fax numbers, etc. are given elsewhere in this Report.

q) **Address for Correspondence/Investor Complaints**

Registered Office :
E 48/7, Okhla Industrial Area
Phase II, New Delhi 110020
Tel. No. 91 11 47629100
Fax No. 91 11 47629129/30

Contact Person :
Mr. C.S. Ashok Kumar
Company Secretary
Tel. No. 91 120 4790000, 4790104
Fax No. 91 120 4790286
Email : company.secretary@areva-td.com

For and on behalf of the Board

Dr. Ajay Dua
Chairman

New Delhi
February 12, 2010

Declaration by the Managing Director under the Clause 49 of the Listing Agreement

The Members of AREVA T&D India Limited

This is to declare that to the best of my knowledge and belief all the Members of the Board and Senior Management personnel of the Company have affirmed their respective Compliance with the AREVA Code of Conduct for the year ended 31.12.2009.

New Delhi
February 12, 2010

Rathindra Nath Basu
Managing Director

Auditor's Certificate on Corporate Governance

To the Members of AREVA T&D India Limited

We have examined the compliance of conditions of corporate governance by AREVA T&D India Limited for the year ended December 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. 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 explanations given to us by the Directors and the Management we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending against the company as at December 31, 2009, as per the records maintained by the Shareholders/ Investors Grievance committee.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S

New Delhi
February 12, 2010

Bhavani Balasubramanian
Partner
Membership No. 22156

Auditors' Report

Auditors' Report to the members of AREVA T&D India Limited

We have audited the attached balance sheet of AREVA T&D INDIA LIMITED (the "Company") as at December 31, 2009, the profit and loss account and also the cash flow statement 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 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.

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.

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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;

- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and 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;
- (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956 on the said date;
- (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, 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:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2009;
 - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S

Bhavani Balasubramanian
Partner
Membership No. 22156

New Delhi
February 12, 2010

Annexure referred to in our report of even date

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. In respect of its inventories:
 - a) As explained to us, inventories including stocks with certain sub contractors were physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured 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 adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal controls.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public during the year.
7. The internal audit carried out during the current year, under the guidance of global internal audit team of AREVA Corporate, by the Company's internal audit department, is in our opinion, commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of power transformers, pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete, as the examination of the records are to be made by a Cost Auditor. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

9. In respect of Statutory dues:
- a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other material statutory dues with the appropriate authorities during the year.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other material statutory dues as at December 31, 2009 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no dues of Income-tax, Sales-tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and cess which have not been deposited as on December 31, 2009, with the appropriate authorities on account of disputes, except for dues referred to in note 23 (b), (c) and (d) and 40(b) and (c) to the financial statements.
10. The Company has no accumulated losses as at December 31, 2009 and has not incurred any cash losses either during the financial year covered by our audit or the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. There are no loans from financial institutions and debenture holders.
12. Based on our examination of documents and according to the information and explanations given to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The Company is not a chit fund or nidhi/ mutual benefit fund/society.
 14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities and 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 during the year.
 16. The Company has not raised any term loan 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, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
 18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
 19. The Company has not issued any debentures during the year.
 20. The Company has not raised money through public issues during the year.
 21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S

Bhavani Balasubramanian
Partner
Membership No. 22156

New Delhi
February 12, 2010

Balance Sheet as at December 31, 2009

(Rupees Thousands)

	Notes	December 2009	December 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	2	478,208	478,208
Reserves and surplus	3	8,187,705	6,771,923
		8,665,913	7,250,131
Loan Funds			
Unsecured loans	4	7,676,119	4,692,170
		7,676,119	4,692,170
		16,342,032	11,942,301
APPLICATION OF FUNDS			
Fixed Assets			
	5		
Gross block		10,838,634	4,075,221
Less: Accumulated depreciation		2,454,718	2,104,413
Net block		8,383,916	1,970,808
Capital work-in-progress (including Capital advances)		518,875	4,499,645
		8,902,791	6,470,453
Investments	6	34	34
Deferred tax asset (Net)	14	100,089	387,230
Current Assets, Loans and Advances			
Inventories	7	3,790,460	3,862,111
Sundry debtors	8	15,994,357	11,889,443
Cash and bank balances	9	1,325,302	450,865
Other current assets	10	4,474,711	2,582,505
Loans and advances	11	3,173,978	2,815,946
		28,758,808	21,600,870
Less: Current Liabilities and Provisions			
Liabilities	12	20,320,820	15,404,941
Provisions	13	1,098,870	1,111,345
		21,419,690	16,516,286
Net Current Assets		7,339,118	5,084,584
		16,342,032	11,942,301

The accompanying notes are an integral part of this Balance Sheet.

Per our report of even date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Bhavani Balasubramanian
Partner

Rathindra Nath Basu
Managing Director

Karim Vissandjee
Director

C.S. Ashok Kumar
Secretary

New Delhi
February 12, 2010

Profit and Loss Account for the year Ended December 31, 2009



(Rupees Thousands)

	Notes	December 2009	December 2008
INCOME			
Sales and services (Gross)	38	37,241,211	28,266,265
Less : Excise duty		(1,582,445)	(1,854,122)
Sales and services (Net)		35,658,766	26,412,143
Other income	15	173,112	138,686
		35,831,878	26,550,829
EXPENDITURE			
Materials and Project related costs (Net)	16	24,925,936	17,257,732
Employee costs	17	2,924,400	2,091,407
Other manufacturing, administration and selling expenses	18	3,793,615	2,811,959
Interest (Net)	19	578,598	298,054
Depreciation / Amortisation	20	611,289	340,269
		32,833,838	22,799,421
Operating Profit before Restructuring, relocation and sale of property		2,998,040	3,751,408
Restructuring and relocation Costs	21	(83,286)	(396,167)
Profit on sale of property		15,500	115,021
Profit Before Tax		2,930,254	3,470,262
Provision for taxation - Current	14	(710,087)	(1,266,197)
Provision for taxation - Deferred	14	(287,141)	104,666
Fringe benefit tax		(13,000)	(45,500)
Profit After Tax		1,920,026	2,263,231
Balance brought forward from previous year		4,293,913	2,760,536
Profit available for appropriations		6,213,939	5,023,767
Appropriations :			
Proposed dividend		430,387	430,387
Corporate dividend tax		73,144	73,144
General reserve		192,003	226,323
Balance carried over to the balance sheet		5,518,405	4,293,913
		6,213,939	5,023,767
Basic and Diluted earnings per share of Rs 2/- each	43	8.03	9.47

The accompanying notes are an integral part of this Profit and Loss Account.

Per our report of even date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Bhavani Balasubramanian
Partner

Rathindra Nath Basu
Managing Director

Karim Vissandjee
Director

C.S. Ashok Kumar
Secretary

New Delhi
February 12, 2010

Cash Flow Statement For The Year Ended December 31, 2009

(Rupees Thousands)

	December 2009	December 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2,930,254	3,470,262
Adjustments for:		
Restructuring and relocation costs	83,286	216,014
Profit on sale of Property	(15,500)	(115,021)
Provision for contract losses (net)	76,646	26,394
Provision for warranties	(5,421)	12,059
Provision for doubtful debts	(15,069)	75,831
Bad debts / advances written off (net)	184,781	178,583
Exchange fluctuation unrealised (net)	342,572	147,976
Depreciation	611,289	340,269
Interest income	(655)	(3,724)
Interest paid	579,253	301,778
Profit on sale of fixed assets (net)	(4,662)	(848)
Operating profit before working capital changes	4,766,774	4,649,573
Adjustments :		
Increase in Trade and other receivables	(6,376,991)	(5,814,614)
Decrease / (Increase) in Inventories	71,651	(1,132,996)
Increase in Trade payables, liabilities and provisions	5,110,819	5,362,092
Cash generated from operations	3,572,253	3,064,055
Employee voluntary separation scheme and related payments	(12,054)	(12,859)
Income tax / Fringe benefits tax paid, net of refunds	(1,281,500)	(1,508,500)
Net cash generated from operating activities	2,278,699	1,542,696
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure (including capital advances)	(3,224,163)	(4,223,634)
Proceeds from sale of fixed assets	21,936	6,389
Proceeds from sale of property / investments	15,500	117,520
Interest received	655	3,268
Net cash used in investing activities	(3,186,072)	(4,096,457)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term loans, net	2,624,011	3,153,964
Proceeds from ECB	247,603	388,951
Interest paid	(595,167)	(271,799)
Dividend and Unclaimed dividend paid / remitted, including Dividend tax	(499,084)	(500,106)
Net cash generated from financing activities	1,777,363	2,771,010
Net increase in cash and cash equivalents (A + B + C)	869,990	217,249
Opening balance of cash and cash equivalents	440,733	223,484
Closing balance of cash and cash equivalents**	1,310,723	440,733

** excludes Unpaid dividend accounts of Rs 14,579 thousands (December 2008 - Rs 10,132 thousands)

Per our report of even date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Bhavani Balasubramanian
Partner

Rathindra Nath Basu
Managing Director

Karim Vissandjee
Director

C.S. Ashok Kumar
Secretary

New Delhi
February 12, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention (other than land and buildings which have been revalued) on the accrual basis of accounting and in accordance with accounting principles generally accepted in India and comply with the accounting standards notified by the Central Government of India, under the Companies (Accounting Standards) rules 2006 and relevant provisions of the Companies Act, 1956. The significant accounting policies are as follows:

(a) Revenue recognition

Revenue is recognised on shipment or on unconditional appropriation of goods in accordance with the terms of the sale. Sales are inclusive of excise duties and net of trade discounts, returns and sales tax. Export benefits are accounted for in the year of exports based on eligibility or when there is no uncertainty in receiving the amount, at the estimated realisable value / actual credit earned during the year.

(b) Foreign currency transactions

Transactions in foreign currencies are accounted at the monthly average / daily exchange rates. Monetary assets and liabilities outstanding at the year end are restated at the closing rates. Exchange differences arising on foreign currency transactions settled during the year / restated at the end of the year are recognised in the profit and loss account.

In accordance with Accounting Standard AS-11 ("Revised"), "The effects of changes in foreign exchange rates", the branches located outside India have been classified as "Integral foreign operation" and exchange differences on translation is charged to Profit & Loss account.

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable transactions. The use of forward contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. In cases where the Company has entered into forward exchange contracts, with underlying transactions, the difference between the forward rate and the initial spot rate is recognised as an income or expense over the life of the contract. Exchange gains/losses on intermediary forward contracts relating to firm commitments are recognised in the profit and loss account based on fair value changes as at the balance sheet date. Any profit or loss arising on cancellation of forward exchange contracts is recognised as income or expense for the year. Cash flows arising on account of roll over of forward contracts are recognised as income/expense of the period.

(c) Fixed assets and depreciation

Fixed Assets are recorded at cost (except for the revalued land and buildings which are shown at estimated replacement cost as determined by the valuers) less accumulated depreciation. The Company capitalises all costs relating to acquisition and installation of fixed assets. Cost of special tools is capitalised as plant and machinery.

Fixed assets, other than land, but including revalued buildings, are depreciated pro-rata to the period of use based on straight line method over the estimated useful lives of assets, at the following annual rates which are higher than the rates specified under Schedule XIV of the Companies Act, 1956:

Buildings /Leasehold improvements	2.5%, 4.0% and 33.33%
Plant and machinery	10.0%, 20.0% and 33.3%
Computers and EDP equipment	33.3% and 50.0%
Furniture and fittings, and Office equipment	10.0%, 15.0%, and 20.0%
Motor vehicles	25.0%
Goodwill	20.0%

Assets individually costing less than Rs 5,000 /- are fully depreciated in the year of addition.

Leasehold land/improvements is depreciated over a period not exceeding that of the lease.

The charge over and above the depreciation calculated on the original cost of the revalued assets is transferred from Fixed Asset. Revaluation Reserve to the Profit and Loss Account.

Direct expenditure on assets under construction or development is shown under Capital work-in-progress, while indirect expenditure is charged off.

(d) Impairment of assets

The Company determines whether there is any indication of impairment of the carrying amount of the Company's assets. The recoverable amount of such assets are estimated, if any indication exists, and impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount.

Notes To The Financial Statements

For The Year Ended December 31, 2009

(e) Research and development

Revenue expenditure on research and development activities is expensed in the year in which it is incurred.

(f) Technical know-how, testing and certification fees

Technical know-how, testing and certification fee in respect of new products is expensed in the year in which it is incurred.

(g) Inventories

Inventories comprising of raw material, work in progress, finished goods and stores and spares are valued at lower of cost (net of Cenvat, where applicable) and net realisable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost in respect of raw materials and stores and spares is established using moving weighted average method. Cost of finished goods and work-in-progress, determined on moving weighted average method, includes all applicable manufacturing overheads. The value of finished goods includes excise duty payable on despatch. The inventories are stated net of write downs / allowances on account of obsolete, damaged and slow-moving items.

(h) Investments

Long term investments are stated at cost of acquisition. The diminution, if any, in the value of investments stated at cost, is recognised when such diminution is considered other than temporary.

(i) Employee benefits

Defined contribution plans:

- i). Provident Fund : Contributions are made to the recognised Provident Fund trusts and are expensed to the Profit and loss account. The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the interest cost based on notification and recognizes such obligation as an expense. The company also contributes to Regional Provident Fund on behalf of some of its employees who are not part of the above trusts and the above contributions are expensed to the Profit and loss account.
- ii) Superannuation Fund : The Company makes contribution to a scheme administered by the Life Insurance Corporation of India ('LIC') to discharge superannuating liabilities to the employees and the same is expensed to Profit and loss account. The company has no liability other than its annual contribution.

Defined benefit plans (Long term employee benefits):

- i). Gratuity : The Company makes contribution to a scheme administered by the Life Insurance Corporation of India ('LIC') to discharge gratuity liabilities to the employees. Additional gratuity liability is determined based on actuarial valuation and is not funded through separate corpus. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at December 31, 2009, determined by LIC using the projected unit credit method.
- ii). Compensated leave : The Company records its liability on compensated leave based on actuarial valuation as at the balance sheet date, using the projected unit credit method.

Effects of changes in actuarial valuations are immediately recognised in the profit and loss account.

Short term employee benefits:

Short term employee benefits are recognised as an expense as per the company's scheme based on expected obligation on undiscounted basis.

(j) Employee voluntary separation schemes

Lump sum separation payouts are expensed when the scheme is accepted by an employee. In respect of schemes where payments are to be made for a longer period till the age of retirement or death of an employee, whichever is earlier, the liability is actuarially valued and charged to the profit and loss account in the year in which the scheme is accepted by an employee. In case of fixed term obligations, liabilities are valued at net present value. Interest component implicit in the payout during the period is expensed. Further, whenever a management decision is taken to restructure operations, the Company considers provision for estimated employee separation costs.

(k) Long-term contracts

Sales revenue and margins on construction contracts and certain services are recognized according to the percentage of completion method ("PCM"), as provided in AS 7 ("Revised") - "Construction contracts". Sales revenue and income from long-term contracts are recognized over the period of performance of the contract on achievement of certain internal milestones. Depending on the contract terms, the percentage of completion may be based on costs or the stage of physical completion. Under the cost-based PCM formula, the stage of completion is equal to the ratio of costs to the total estimated cost of the contract.

Under the physical completion PCM formula, a predetermined percentage of completion is assigned to each stage of completion of the contract. The sales revenue and costs recognized at the end of the period are equal to the percentage of sales revenue and anticipated costs for the stage of completion achieved at that date. Income recognition arising on these contracts are based on estimated overall profitability of individual contracts reviewed periodically. Direct costs incurred for long term contracts over and above the pro-rata to sales is considered as work-in-progress. Provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total contract revenue, based on Management's analysis of the risks and exposures on a case to case basis.

(l) Taxation

Current tax is determined on the profit of the year in accordance with the provisions of Income Tax Act, 1961. Deferred tax is calculated at the tax rates and laws that have been enacted or substantially enacted by the Balance sheet date and is recognised on timing differences that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that they can be realised. Fringe benefits tax is calculated in accordance with the provisions of the Income tax act, 1961.

(m) Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and the disclosures relating to contingent assets and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates.

(n) Provisions, Contingent assets and liabilities

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized as a liability but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2. SHARE CAPITAL

(Rupees Thousands)

	December 2009	December 2008
Authorised 627,500,000 equity shares of Rs 2/- each (December 2008 - 627,500,000 equity shares of Rs 2/- each)	1,255,000	1,255,000
Issued 239,106,635 equity shares of Rs 2/- each (December 2008 - 239,106,635 equity shares of Rs 2/- each)	478,213	478,213
Subscribed and paid up 239,104,035 equity shares of Rs 2/- each fully paid (December 2008 - 239,104,035 equity shares of Rs 2/- each)	478,208	478,208
	478,208	478,208

Notes:

- a) 172,585,900 (72.18%) equity shares of Rs 2/- each are held by:
- | | | |
|-----------------------------------|-------------|--------|
| AREVA T&D SAS France | 132,919,225 | 55.59% |
| AREVA T&D Holdings S.A. France | 27,893,950 | 11.67% |
| Long & Crawford Limited | 11,772,725 | 4.92% |
| Total Promoter and Promoter group | 172,585,900 | 72.18% |
- b) 15,750,000 equity shares of Rs 10/- each (before sub-division of shares) were allotted as fully paid bonus shares by capitalisation of general reserve, share premium and profit and loss account balance.
- c) 19,871,327 equity shares of Rs 10/- each (before sub-division of shares) were issued and allotted as fully paid up pursuant to the scheme of amalgamation with The General Electric Company of India Limited in 1992-93 (11,520,000 shares), GEC Power Engineering Services of India Limited (PESIL) in 1993-94(330,000 shares), ALSTOM T&D Distribution Transformers Limited in 2000-01 (87,992 shares) and with AREVA T&D Systems India Limited, AREVA T&D Instrument Transformers India Private Limited and AREVA T&D Lightning Arresters Private Limited, in 2007, (7,933,335 shares), without payment being received in cash.
- d) During 1994-95, the Company offered 9,950,000 equity shares of Rs 10/- (before sub-division of shares) each to the existing shareholders in the ratio of 1 share for every 3 shares held at a premium of Rs 40/- per share as per letter of offer dated May 10, 1994.

Notes To The Financial Statements

For The Year Ended December 31, 2009

The shares, barring 1,034 shares, which were kept in abeyance for technical reasons, were allotted at the Committee of Directors meeting held on July 28, 1994. Of the 1,034 shares kept in abeyance, 514 shares were allotted upto 2001/02.

- e) Pursuant to the approval of the shareholders through postal ballot, the equity shares of Rs 10/- each of the Company were sub-divided into five shares of Rs 2/- each with effect from the record date October 31, 2008.

3. RESERVES AND SURPLUS

(Rupees Thousands)

	As at January 1, 2009	Additions and transfers	Withdrawals and transfers	As at December 31, 2009
Capital reserve	47,166	-	-	47,166
Capital redemption reserve	60	-	-	60
Securities premium account	812,729	-	-	812,729
Amalgamation reserve	28,500	-	-	28,500
Fixed asset revaluation reserve	13,075	-	713	12,362
General reserve	1,576,480	192,003	-	1,768,483
	2,478,010	192,003	713	2,669,300
Balance in Profit and loss account	4,293,913			5,518,405
	6,771,923			8,187,705

(Rupees Thousands)

4. UNSECURED LOANS (including interest accrued and due)

	December 2009	December 2008
From banks - short term		
Packing credit	1,270,196	1,519,603
Other loans	5,769,369	2,759,589
From Others - Long term :		
External Commercial Borrowings ("ECB")	636,554	412,978
	7,676,119	4,692,170

Note : a) AREVA T&D SAS, France has provided comfort letter to the bankers on loans taken.

b) Short term loans from banks includes overdraft of Rs Nil (December 2008 - Rs 540,179 thousands) and foreign currency loan of US\$ 26,000 thousand (December 2008 - US\$ 31,250 thousand) repayable within six months from the date of loan, carrying varying interest rates of 5% to 9%.

c) The Company utilised ECB loan of Euros 9,493 thousand upto December 2009 (sanctioned amount of 13,000 thousand) from AREVA T&D SAS, France, for financing expansion plans, repayable in 2012. The rate of interest is 375 basis points spread over six months Euribor.

5. FIXED ASSETS

(Rupees Thousands)

Description	Cost / Valuation as at January 1, 2009	Additions during the year	Disposals/ adjustments during the year	Cost / valuation as at December 31, 2009
GROSS BLOCK				
Tangible assets				
Freehold land	560,916	53,316	-	614,232
Leasehold land	10,408	-	-	10,408
Buildings (including those on leasehold land)	474,436	3,251,575	5,418	3,720,593
Leasehold improvements	207,948	8,025	249	215,724
Plant and machinery	1,606,419	3,288,576	122,579	4,772,416
Furniture and fittings, and Office equipment	872,604	437,664	148,889	1,161,379
Motor vehicles	18,952	3,228	1,836	20,344
Intangible assets				
Goodwill	323,538	-	-	323,538
	4,075,221	7,042,384	278,971	10,838,634
Previous year	3,533,896	662,576	121,251	4,075,221
ACCUMULATED DEPRECIATION				
Tangible assets				
Freehold land	-	-	-	-
Leasehold land	3,905	161	-	4,066
Buildings (including those on leasehold land)	189,796	92,882	5,202	277,476
Leasehold improvements	77,618	54,860	246	132,232
Plant and machinery	931,015	294,338	117,536	1,107,817
Furniture and fittings, and Office equipment	574,408	158,670	136,898	596,180
Motor vehicles	12,428	2,796	1,815	13,409
Intangible assets				
Goodwill	315,243	8,295	-	323,538
	2,104,413	612,002	261,697	2,454,718
Previous year	1,826,815	388,495	110,897	2,104,413
NET BLOCK				
Tangible assets				
Freehold land	560,916			614,232
Leasehold land	6,503			6,342
Buildings (including those on leasehold land)	284,640			3,443,117
Leasehold improvements	130,330			83,492
Plant and machinery	675,404			3,664,599
Furniture and fittings, and Office equipment	298,196			565,199
Motor vehicles	6,524			6,935
Intangible assets				
Goodwill	8,295			-
	1,970,808			8,383,916
Previous year	1,707,081			1,970,808
Capital work-in-progress (including capital advances)	4,499,645			518,875
	6,470,453			8,902,791

Notes:

- Land and buildings were revalued on March 31, 1992, based on the estimated current replacement cost after considering depreciation upto that date as per valuers' reports, and the resultant surplus of Rs. 343,712 thousand was credited to fixed asset revaluation reserve. Of this reserve, Rs 331,350 thousand has been so far transferred to profit and loss account for as an adjustment against depreciation / sale of assets.
- Renewal of lease agreement (for which the company has an option) in respect of 4.84 acres of land at Chennai (which expired on September 13, 1989) is still under process. The Company has contested the enormous hike in rent by the State Government and the matter is sub-judice. An application of the Company for specific performance of the Lease Agreement was rejected by the Trial Court, and the Company has preferred an appeal against the said Judgement, which is pending, before the District Court, Kancheepuram.
- Net block includes fixed assets held outside India - Rs 5,675 thousand (December 2008 - Rs 1,733 thousand).
- Consequent to the approval of members under section 293(1)(a) of the Companies Act, 1956, through a postal ballot, certain land, building and other assets have been identified as surplus and decision has been taken to sell them. Accordingly, assets costing Rs 235,846 thousand and having a net book value of Rs 177,685 thousand has been classified as "held for sale", and included in the respective category of assets.

Notes To The Financial Statements

For The Year Ended December 31, 2009

(Rupees Thousands)

	December 2009	December 2008
6. INVESTMENTS, Long term - At cost, Unquoted		
Trade :		
175,000 equity shares of Rs. 10/- each fully paid up in Genelec Limited	35	35
Less : Provision for diminution in value	(35)	(35)
Non-trade :		
1,000 shares of Rs. 10/- each fully paid up in The English Electric Company Employees' Co.-operative Stores Limited	10	10
2 - 5% Non-redeemable registered debenture stocks of Rs 11 thousand and Rs 6 thousand fully paid up in the Woodlands Hospital and Medical Research Centre Limited	17	17
65 - ½% registered mortgage debentures of Rs 100/- each fully paid up in the Woodlands Hospital and Medical Research Centre Limited	7	7
	34	34
7. INVENTORIES		
Stores and spare parts	503	2,933
Raw materials and components (including goods-in-transit - Rs 235,741 thousands (December 2008 - 222,189 thousands))	1,926,220	1,603,416
Work-in-progress	1,672,849	2,097,884
Finished goods	190,888	157,878
	3,790,460	3,862,111
Note : Finished goods include excise duty payable of Rs 14,343 thousand (December 2008 - Rs 12,308 thousand) relating to items held at manufacturing units awaiting despatch.		
8. SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured - considered good	969,579	874,423
- considered doubtful	377,299	392,368
	1,346,878	1,266,791
Other Debts - considered good		
Unsecured	15,024,778	11,015,020
	15,024,778	11,015,020
	16,371,656	12,281,811
Less : Provision for doubtful debts	(377,299)	(392,368)
	15,994,357	11,889,443

Note : Retention monies considered good and included in other debts outstanding Rs 4,038,447 thousand (December 2008 - Rs 3,111,133 thousand)

(Rupees Thousands)

	December 2009	December 2008
9. CASH AND BANK BALANCES		
Cash on hand	-	-
Balances with scheduled banks		
In Current accounts [including cheques on hand Rs. 812,559 thousand December 2008 - Rs 625,787 thousand); Remittance in Transit Rs.93,935 thousand (December 2008 - nil)]	1,150,398	48,557
In deposit accounts	3,756	1,631
In unpaid dividend accounts	14,579	10,132
Balances with other Banks - in current accounts		
Citi Bank, Kenya (Maximum amount outstanding during the year - Rs 72,190 thousands (December 2008 - Rs 24,158 thousands))	20,053	16,997
BNP Paribas, Qatar (Maximum amount outstanding during the year - Rs 421,899 thousands (December 2008 - Rs 1,502,352 thousands))	136,516	373,548
	1,325,302	450,865
10. OTHER CURRENT ASSETS		
Contract revenue in excess of billing and unbilled revenue	4,474,711	2,582,505
	4,474,711	2,582,505
11. LOANS AND ADVANCES - Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	1,684,846	1,877,436
Deposits	255,404	256,945
Income-tax (net of provisions)	280,421	-
Balances with excise authorities	949,088	672,062
Balances with customs and port trust authorities	4,219	9,503
	3,173,978	2,815,946
12. CURRENT LIABILITIES		
Acceptances	86,148	140,501
Sundry creditors		
Dues to Micro enterprises and Small enterprises	497,264	429,887
Dues to other than Micro enterprises and Small enterprises	6,962,606	3,659,253
Other liabilities	7,967,238	5,919,850
Payments received in advance from customers	4,792,985	5,245,318
Investor Education and Protection Fund shall be credited by the following amount : Unclaimed dividend **	14,579	10,132
	20,320,820	15,404,941
** Represents Dividend warrants issued but not encashed and there is no amount falling due as at December 31, 2009 for transfer to Investor Education and Protection Fund.		
Note : Other liabilities include liability relating to employee voluntary separation schemes [Amount payable within one year is Rs 15,044 thousand (December 2008 - Rs 14,787 thousand)]	35,424	47,478

Notes To The Financial Statements

For The Year Ended December 31, 2009

(Rupees Thousands)

	December 2009	December 2008
13. PROVISIONS		
Income-tax (net of advance payments)	-	48,356
Contract losses	72,239	28,296
Warranties	220,689	221,220
Compensated leave	187,529	137,297
Additional Gratuity	114,882	72,345
Other provisions	-	100,300
Proposed dividend	430,387	430,387
Tax on proposed dividend	73,144	73,144
	1,098,870	1,111,345
Note : Other Provisions represents expenses towards employee separations relating to business/product segments for which the management has decided to restructure operations.		
14. TAXATION		
a) Current tax :		
Current tax is determined in respect of taxable income for the year ended December 31, 2009. The ultimate tax liability will be determined on the basis of taxable income for the period April 01, 2009 to March 31, 2010		
b) Deferred tax :		
The break up of net deferred tax asset is as under :		
Deferred tax assets arising on Timing differences on account of :		
Voluntary separation schemes	46,286	68,381
Disallowances under Section 43B of the Income tax Act, 1961	107,629	79,122
Provisions	216,920	287,227
Others	11,513	79
	382,348	434,809
Deferred tax liabilities arising on Timing differences on account of :		
Depreciation on fixed assets	282,259	47,579
Others	-	-
	282,259	47,579
Deferred tax asset (Net)	100,089	387,230
c) Fringe benefit tax :		
From April 01, 2009 onwards, fringe benefit tax has been abolished and consequently no provision considered for the period beginning April 1, 2009 to December 31, 2009		
15. OTHER INCOME		
Profit on sale of fixed assets (net)	4,662	848
Scrap sales	130,152	101,220
Rent received	1,244	1,275
Miscellaneous income	37,054	35,343
	173,112	138,686
16. MATERIALS AND PROJECT RELATED COSTS (NET)		
Raw materials and components consumed	24,533,911	18,276,601
Opening stock of Work-in-progress	2,097,884	1,296,462
Less : Closing stock of Work-in-progress	1,672,849	2,097,884
(Increase) / Decrease in Work-in-progress	425,035	(801,422)
Opening stock of Finished goods	157,878	73,383
Less : Closing stock of Finished goods	190,888	157,878
(Increase) in Finished goods	(33,010)	(84,495)
Less : Amount transferred to capital expenditure	-	132,952
	24,925,936	17,257,732

(Rupees Thousands)

	December 2009	December 2008
17. EMPLOYEE COSTS		
Salaries, wages, bonus etc.	2,383,046	1,649,340
Contribution to provident and other funds	289,909	214,288
Welfare expenses	251,445	228,924
	2,924,400	2,092,552
Less : Amount transferred to capital expenditure	-	1,145
	2,924,400	2,091,407
18. OTHER MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES		
Consumption of stores and spare parts	95,336	60,454
Power and fuel	172,831	139,494
Rent	129,406	120,344
Rates and taxes	100,278	60,255
Repairs and maintenance		
Buildings	145,352	101,731
Plant and machinery	73,771	39,977
Others	121,453	114,699
Insurance	95,863	53,989
Directors' sitting fees	395	324
Royalty and technical know-how	131,348	147,417
Freight and octroi	475,279	304,519
Travelling	612,954	490,563
Postage and telephone	79,242	63,666
Amount paid / payable to Auditors		
Audit fee	5,000	5,000
Tax audit fee	1,000	1,000
Quarterly / Half yearly review	1,000	1,000
Transfer pricing	950	950
Other services	4,410	4,050
Reimbursement of expenses	200	200
Bank charges and foreign exchange variation cost (net) - Refer Note 36	183,512	125,112
Contract losses	76,646	26,394
Provision for doubtful debts	(15,069)	75,831
Bad debts written off (net)	184,781	178,583
Trade mark fees	281,224	201,383
Data Management charges	391,413	149,185
Excise duty on stock differential - Refer Note 27	2,035	1,267
Miscellaneous expenses	443,005	350,590
	3,793,615	2,817,977
Less : Amount transferred to capital expenditure	-	6,018
	3,793,615	2,811,959
19. INTEREST		
Interest paid - On fixed loans	431,136	214,407
- Others	148,117	87,371
Interest earned on deposits etc. (Gross)	(655)	(3,724)
(Tax deducted at source Rs 148 thousand; December 2008 - Rs 456 thousand)		
	578,598	298,054

Notes To The Financial Statements

For The Year Ended December 31, 2009

(Rupees Thousands)

	December 2009	December 2008
20. DEPRECIATION / AMORTISATION		
Leasehold land	161	161
Buildings (including those on leasehold land)	92,882	27,262
Leasehold improvements	54,860	40,129
Plant and machinery	294,338	172,975
Furniture and fittings, and Office equipment	158,670	111,880
Motor vehicles	2,796	2,913
Intangible assets - Goodwill	8,295	33,175
	612,002	388,495
Less: Amount transferred from fixed asset revaluation reserve	(713)	(731)
Less: Amount transferred to Restructuring and relocation costs	-	(47,495)
	611,289	340,269

21. RESTRUCTURING AND RELOCATION COSTS

In 2008, construction of three greenfield sites were substantially completed resulting in certain set-up costs and costs associated with shifting of machineries, materials and employee transfers/separations. In 2009, these projects were completed and commercial production has commenced and additional costs incurred have been charged to profit & loss account.

(Rupees Thousands)

22. COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for in these accounts (net of advances)

	December 2009	December 2008
	448,286	2,338,083

23. CONTINGENT LIABILITIES IN RESPECT OF

(a) Legal cases against the Company not acknowledged as debts	23,012	13,012
(b) Sales tax and Excise demands against which the Company has filed appeals	65,627	49,738

Name of the Statute	Nature of Dues	Rupees thousands	Period	Forum where dispute is pending
Central Sales Tax Act	Disallowance of C forms	5,271	2002-03,2004-05,2006-07,2008-09	Deputy Commissioner (Appeals)
Central Sales Tax Act	Non receipt of Forms	28,760	2005-06 to 2008-09	Joint Commissioner(Appeals)
Central Sales Tax Act	Non receipt of Forms	5,609	2005-06	Revisional Board
Central Sales Tax Act	Non receipt of Forms	25,016	2006-07	Joint Commissioner(Appeals)
Local Sales Tax Act (Various States)	Non receipt of Forms	971	1991-92	Dy. Commissioner (Appeals)
		65,627		

Amount deposited as at December 31, 2009 is Rs 2,608 thousand (December 2008 - Rs 2,780 thousand)

(c) The Company has received demand for excise/ service tax amounting to 455,300 thousand for various years. The Company has preferred appeals against these demands which is pending before various appellate authorities, and has been advised that there are reasonable chances of success in these appeals.

(d) Demands for pending concessional sales tax forms for various years amounts to Rs 703,500 thousand. The company has, an ongoing process for collection and submission of these forms to the concerned authorities and does not foresee any liability in this regard.

Note : Show cause notices received have not been considered as contingent liabilities.

24. CHARGE ON ASSETS

Non funded facilities from certain banks are secured by way of a first charge on inventories, book debts and other movable assets.

(Rupees Thousands)

	December 2009	December 2008
25. DIRECTORS' REMUNERATION		
Salaries and bonus*	12,744	7,072
Contribution to provident and other funds	1,824	1,748
Perquisites	1,905	1,816
Sitting fees	395	324
	16,868	10,960
Note : Excludes provision for compensated leave and gratuity, as actuarial valuation is done on a total company basis.		
* Includes supplementary bonus of Rs. 5,225 Thousands		
26. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD AS-7 "CONSTRUCTION CONTRACT" (REVISED):		
Contract revenue recognised for the year	18,727,826	11,902,586
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	38,662,464	19,587,421
Gross amount due from customers for contracts in progress	11,424,734	10,161,476
Gross amount due to customers for contracts in progress	2,429,690	3,050,808

27. EXCISE DUTY

Excise Duty on sales for the year has been disclosed as a reduction from the turnover. Excise duty relating to the difference between Closing stock and opening stock has been included in Schedule 18 "Other Manufacturing , Administration and selling expenses".

28. BREAK-UP OF RAW MATERIALS AND BOUGHT-OUT COMPONENTS CONSUMED

(Rupees Thousands)

	Units	December 2009		December 2008	
		Quantity	Value	Quantity	Value
Major raw materials					
Copper	MT	4,100	1,565,079	3,826	1,401,058
Steel	MT	6,542	726,220	6,380	512,031
Aluminium	MT	1,321	495,432	1,327	463,890
Stampings / laminations	MT	7,226	1,586,645	6,281	1,532,513
Cables	K.Mtrs.	229	25,192	425	26,219
Castings	Nos.	390,531	43,169	421,389	42,266
Radiators	Nos.	5,824	179,990	5,293	170,193
On load tap changer	Nos.	806	175,041	762	125,323
Porcelain	Nos.	26,607	540,038	89,429	608,438
Oil, paints and varnish	K.Ltrs.	8,904	425,364	8,305	472,422
Major components					
Switchgear component		*	3,020,386	*	2,038,080
Relay and control panel component		*	1,376,891	*	1,201,576
Transformer component		*	308,445	*	180,016
Vacuum interrupter component		*	636,381	*	839,980
GIS component		*	562,417	*	-
Other raw materials and components					
Raw materials and components and spare parts, none of which account for more than 10 percent of consumption			12,867,221		8,662,596
			24,533,911		18,276,601

* The quantity denominations and the type of components are dissimilar in nature. Hence it would not be practicable to disclose the quantitative information in respect of these components.

Notes To The Financial Statements For The Year Ended December 31, 2009

(Rupees Thousands)

29. VALUE OF RAW MATERIALS AND COMPONENTS CONSUMED

	December 2009		December 2008	
	Value	%	Value	%
Imported	4,959,297	20	4,033,255	22
Indigenous	19,574,614	80	14,243,346	78
Total	24,533,911	100	18,276,601	100

Note : Imported consumption include items considered for Qatar contract

30. EARNINGS IN FOREIGN EXCHANGE

	December 2009	December 2008
FOB value of exports	8,398,406	4,129,906
IDA / IBRD aided projects	1,993,213	248,172
Deemed exports	379,042	1,938,777
Service income	58,632	171,979
	10,829,293	6,488,834

Note : FOB value of exports include milestone revenue on Qatar contract

31. VALUE OF IMPORTS ON CIF BASIS

Raw materials and components	5,298,722	4,802,041
Spares	9,089	1,553
Capital goods	1,587,774	552,145
	6,895,585	5,355,739

Note : Raw materials and components includes consumption considered for Qatar contract.

32. EXPENDITURE IN FOREIGN CURRENCY (subject to withholding of tax where applicable)

Royalty and technical know-how	131,348	147,417
Interest	127,703	72,779
Trade mark fees	281,224	201,383
Travelling expenses	86,232	95,811
Data Management charges	280,032	60,563
Other expenses	324,949	92,750
	1,231,488	670,703

33. DIVIDEND REMITTED IN FOREIGN CURRENCY

Number of non-resident Shareholders	Three	Three
Number of Shares held (at Rs.2/- each)	172,585,900	172,585,900
Amount remitted	310,655	310,655
Year to which relates	Dec-08	Dec-07

34. RESEARCH AND DEVELOPMENT

Total revenue expenditure included under appropriate heads of expenditure	77,954	34,062
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35. ACCOUNTING OF DERIVATIVES

Pursuant to the announcement by the Institute of Chartered Accountants of India in respect of Accounting for Derivatives' in March 2008 and in view the principle of prudence as enunciated in Accounting Standard 1 - "Disclosure of Accounting Policies", the entity has provided for losses in respect of all outstanding derivative contracts at the balance sheet date by marking them to market. The Company has recognized mark to market net losses of Rs. 99,519 thousand relating to foreign exchange derivatives in the profit and loss account and included in 'Bank Charges and foreign exchange variation cost (net) account under Note 18.

(Rupees Thousands)

36. FOREIGN EXCHANGE VARIATION

Exchange differences (net) on account of forward contracts taken during the year, charged to the profit and loss account

80,725 (57,472)

Premium on account of forward contracts taken during the year pertaining to future accounting period

16,426 21,070

The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations having underlying transaction and relating to firm commitments or highly probable forecast transactions for transactions more than 10,000 Euros. The Company does not enter into any forward contract which is intended for trading or speculative purposes.

i) Forward cover for export debtors outstanding

1,181,608 543,725

ii) Forward cover for expected future sales or highly probable forecast transaction

4,009,087 6,210,718

iii) Forward cover for import creditors / unsecured loans outstanding

2,891,896 2,254,972

37. DISCLOSURE REQUIREMENTS UNDER ACCOUNTING STANDARD 29 ON "PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS"

	Opening Balance	Additions	Release	Withdrawals	Closing Balance
Provision for Warranties	221,220 (209,158)	54,513 (95,497)	55,044 (83,435)	- (-)	220,689 (221,220)
Provision for Contract losses	28,296 (18,866)	76,646 (26,394)	- (-)	32,703 (16,964)	72,239 (28,296)

Notes : 1. Provision for Warranties are estimated based on past obligations and are expected to be settled within next 15 to 18 months.

2. Provision for Contract losses are based on difference between total estimated revenues and total estimated costs.

3. Figures in brackets are for the previous year.

38. CAPACITIES, PRODUCTION, STOCK AND TURNOVER

Class of goods	Units	Annual installed capacity	Opening stock of finished goods		Production of finished goods Quantity	Turnover/services of finished goods		Closing stock of finished goods	
			Quantity	Amount Rupees Thousands		Quantity	Amount Rupees Thousands	Quantity	Amount Rupees Thousands
1 Switchgear - All types	Nos.	242,050 (200,000)	2,105 (3,704)	67,125 (39,788)	217,531 (214,702)	182,120 (185,795)	7,816,370 (7,041,969)	3,161 (2,105)	96,797 (67,125)
2 Control panels	Nos.	2,000 (2,000)	- (-)	476 (-)	2,106 (1,452)	2,106 (1,452)	661,966 (586,676)	- (-)	- (476)
3 Transformers and reactors	MVA	30,075 (15,000)	- (-)	- (-)	14,642 (14,635)	- (-)	- (-)	- (-)	- (-)
	Nos.	- (-)	233 (61)	55,151 (5,454)	1,084 (850)	1,037 (781)	8,031,059 (6,605,898)	177 (233)	25,948 (55,151)
4 Vacuum interrupter	Nos.	36,000 (36,000)	- (-)	- (-)	29,629 (26,199)	1,454 (1,138)	96,258 (95,972)	- (-)	- (-)
5 Project items (including services)		- (-)	- (-)	- (-)	- (-)	- (-)	18,705,992 (11,902,669)	- (-)	- (-)
6 Line Traps	Nos.	1,500 (1,200)	131 (110)	5,339 (3,991)	1,277 (1,222)	1,159 (994)	214,023 (235,080)	76 (131)	6,578 (5,339)
7 Current Transformers	Nos.	3,393 (2,760)	75 (170)	7,887 (19,226)	2,990 (2,331)	1,316 (1,832)	547,670 (637,058)	186 (75)	38,845 (7,887)
8 Bushing	Nos.	7,000 (5,760)	38 (9)	1,312 (137)	2,774 (4,514)	2,055 (3,452)	250,241 (412,130)	33 (38)	488 (1,312)
9 Others including spares		- (-)	- (-)	20,588 (4,787)	- (-)	- (-)	917,632 (748,813)	- (-)	22,232 (20,588)
Total Gross value including excise duty				157,878 (73,383)			37,241,211 (28,266,265)		190,888 (157,878)

Notes: 1. Figures in brackets are for the previous year. 2. Production in respect of transformers and switchgears, cover various types and ranges. 3. Installed capacities, being technical in nature are as certified by management and have not been verified by the auditors. 4. As turnover involves combination of different products for composite prices, quantities and values shown against each item of turnover represent quantity and sale value of the respective products sold as such. Certain items considered to be insignificant have not been reflected in the statement. 5. Production includes those meant for captive consumption, and turnover includes sales of trading items. 6. Under the Industrial policy, notification No.477(E) of 25.07.91, the Company's products are exempt from licensing requirement.

Notes To The Financial Statements

For The Year Ended December 31, 2009

39. RELATED PARTY DISCLOSURES - As identified by the management and relied upon by the auditors

a) List of Related parties and description of relationship

(i) Parties where control exists :	AREVA T&D SAS, France (Holding Company),
	AREVA SA, France (Ultimate Holding Company)
	AREVA T&D Holdings SA, France (Parent of Holding Company)
(ii) Other related parties with whom transactions have taken place during the year:	
Fellow subsidiaries :	
AREVA T&D Australia Limited	AREVA T&D De Energia Ltd, Brazil
AREVA T&D Canada Inc.	AREVA T&D Inc., USA
AREVA T&D Protection & Control, Stafford	AREVA Hellas, AE, Greece
AREVA T&D Xiamen, China	AREVA T&D U.K Limited, England
AREVA T&D S.A.de C.V, Mexico	AREVA T&D Middle East FZE, Dubai
AREVA T&D Enerjis Endustrisi AS, Turkey	Long & Crawford Limited
AREVA Energietechnik, GmbH, Germany	Zao AREVA Transmission and Distribution
AREVA T&D Chile S.A	AREVA Sachsenwerk, GmbH, Germany
Ritz Meßwandler Ludwigslust GmbH, Germany	AREVA Parafoudres S.A, France
AREVA T&D Malaysia Sdn Bhd	AREVA T&D Transformateurs de Mesures SA, France
AREVA T&D AG, Switzerland	AREVA T&D Sp. z.o.o., Poland
AREVA Hungaria kft	AREVA T&D Suzhou High Voltage Switchgear Company Limited
AREVA T&D Pte Limited, Singapore	AREVA T&D Shanghai Power Automation Company Limited
AREVA Belgium S.A.	AREVA T&D Iberica, SA, Spain
AREVA T&D FIR SpA, Italy	AREVA T&D Yangzhou
AREVA T&D Austria AG	Shanghai RITZ High Voltage Instrument Transformers Company Limited
AREVA Huadian Switchgear	AREVA T&D Indonesia
AREVA T&D Limited, Finland	AREVA T&D Thailand Limited
(iii) Key management personnel :	Rathindra Nath Basu

(Rupees Thousands)

	December 2009	December 2008
b) Transactions with related parties :		
(i) With Holding Company - AREVA T&D SAS, France		
Sales, services and other income	479,984	51,622
Purchase of raw materials and components / services	665,179	142,686
Expenditure on Royalty Technical know-how and assistance	92,820	215,452
Debtors outstanding	328,821	15,635
Creditors outstanding	370,648	23,615
Other Liabilities and provisions	317,346	17,571
Advances Recoverable	63,817	28,637
Loan Outstanding	636,554	412,978
Interest expense	17,864	2,957
Interest accrued and due	-	1,484
Dividend remitted	239,255	239,255
(ii) With Parent of Holding Company - AREVA T&D Holdings SA, France		
Expenditure on Trademark fees	281,224	201,383
Dividend remitted	50,209	50,209

(Rupees Thousands)

	December 2009	December 2008
(iii) With fellow subsidiaries :		
Sales, services and other income		
AREVA T&D Middle East FZE, Dubai	139,904	123,885
AREVA Energietechnik, Gmbh, Germany	130,712	120,435
AREVA T&D De Energia Limited, Brazil	212,453	171,057
AREVA T&D Inc.	128,823	119,642
AREVA T&D S.A. de C.V., Mexico	71,286	152,101
AREVA T&D UK Limited	205,155	154,464
AREVA T&D Suzhou High Voltage Switchgear Company Limited	7,657	159,562
AREVA T&D Shanghai Power Automation Company Limited	180,539	-
Others	304,371	197,627
Purchase of raw materials and components / services		
AREVA Energietechnik Gmbh, Germany	62,334	260,799
AREVA T&D Enerjis Endustrisi AS, Turkey	565,362	-
AREVA T&D AG, Switzerland	251,955	
AREVA T&D UK Limited	274,935	593,274
AREVA T&D Protection & Control, Stafford	108,039	71,597
Others	416,174	481,901
Purchase of Fixed assets		
AREVA T&D FIR SpA, Italy	-	140
Ritz Meßwandler Ludwigslust GmbH, Germany	185	128
AREVA T&D AG, Switzerland	19,837	-
Expenditure on Royalty Technical know-how, Trademark and assistance		
AREVA T&D Transformateurs de Mesures SA, France	11,682	28,037
AREVA T&D AG, Switzerland	18,899	16,954
AREVA Energietechnik Gmbh, Germany	5,888	3,333
AREVA T&D FIR SpA, Italy	2,059	-
Debtors outstanding		
AREVA Energietechnik, Gmbh, Germany	1,473	37,904
AREVA T & D Malaysia Sdn Bhd	2,292	3,252
AREVA T&D De Energia Limited, Brazil	74,394	-
Others	205,905	220,297
Creditors outstanding		
AREVA T&D Protection & Control, Stafford	62,794	53,213
AREVA T&D Transformateurs de Mesures SA, France	512	3,793
AREVA T & D Enerjis Endustrisi AS, Turkey	62,351	8,618
AREVA Energietechnik, Gmbh, Germany	64,947	69,872
AREVA T&D FIR SpA, Italy	23,019	70,898
AREVA T&D Shanghai Power Automat. Company Limited	78,187	65,901
AREVA T&D UK Limited	35,496	100,800
AREVA T&D AG, Switzerland	165,510	-
Others	128,887	58,729

Notes To The Financial Statements

For The Year Ended December 31, 2009

	(Rupees Thousands)	
	December 2009	December 2008
Other Liabilities and provisions		
AREVA T&D Thailand Ltd	2,109	-
AREVA Parafoudres S.A, France	-	17,307
AREVA T&D Middle East FZE, Dubai	14,286	-
Loans and Advances		
AREVA T&D AG, Switzerland	-	17,223
AREVA T&D Enerjis Endustrisi AS, Turkey	-	33,086
AREVA T&D Middle East FZE, Dubai	-	12,214
Dividend remitted to Long & Crawford Limited	21,191	21,191
(v) With Key Management personnel :		
Managerial remuneration	16,473	10,636

40. INCOME TAX

- The company in an earlier year was constrained not to make investment in capital gains bonds in respect of the capital gains that arose on disposal of non T&D business because of the notification dated December 22, 2006 issued by the Central Government capping the investment in capital gains bonds at Rs 5,000 thousand. Hence the company had challenged by way of a writ petition in the Madras High Court the said notification. This writ was dismissed by the High Court as infructuous, since the notification under challenge was legalised by the Finance Act 2007 through a retrospective amendment to Sec 54EC of the Income Tax Act 1961. Against this decision of Madras High Court the company preferred a special leave petition before the Supreme Court of India which was also dismissed. Consequently the company has now filed a fresh writ petition before the Madras High Court challenging the constitutional validity of the retrospective amendment to Section 54EC itself. The said writ is admitted and pending disposal.
- The company has estimated Rs 42,256 thousand of potential income tax risk relating to certain disallowances and consequential interest relating to various assessment years.
- The Company has received tax demand (including interest) of Rs 369,284 thousand on completion of assessment for the assessment year 2006-07. The Company has preferred appeal against this demand which is pending before the appellate authority, and is of the opinion that there are reasonable chances of success in the appeal.

41. SEGMENT REPORTING

The Company is engaged in the business of T&D activities only, and accordingly there are no primary segments to be reported, as per Accounting Standard 17 "Segment Reporting". The secondary segment by geographical location is given below:

	(Rupees Thousands)		
	Sales	Total Assets	Capital Expenditure
India	28,842,805 (24,136,359)	36,175,325 (26,093,005)	3,052,668 (4,573,850)
Qatar	5,609,649 (976,565)	495,873 (978,574)	8,946 (-)
Kenya	208,344 (849,368)	107,201 (322,621)	- (2,188)
Germany	138,149 (116,211)	31,731 (38,710)	- (-)
China	216,845 (201,096)	54,658 (45,015)	- (-)
Brazil	209,290 (127,758)	74,394 (30,553)	- (-)
France	753,478 (407,824)	145,907 (235,083)	- (-)
Others	1,262,651 (1,451,084)	576,544 (327,796)	- (-)
Total	37,241,211 (28,266,265)	37,661,633 (28,071,357)	3,061,614 (4,576,038)

Note: Figures in brackets are for the previous year.

(Rupees Thousands)

	December 2009	December 2008
42. MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ("MSMED")		
The Company has amounts due to suppliers under MSMED as at December 31, 2009. The disclosure pursuant to the said Act is as under:		
Principal amount due to suppliers under MSMED	491,517	423,567
Interest accrued and due to suppliers under MSMED on the above amount, unpaid	5,747	6,320
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to the suppliers under the MSMED	-	-
Interest due and payable towards suppliers under MSMED towards payment already made	-	-
Note : The information relates to such vendors identified as micro, small and medium enterprises, on the basis of information available with the Company.		
43. EARNINGS PER SHARE		
Net profit for the year has been used as the numerator and number of shares has been used as denominator for calculating the basic and diluted earnings per share.		
Net profit after tax	1,920,026	2,263,231
Weighted average number of shares used as denominator for Basic and Diluted earnings per share	239,104,035	239,104,035
Basic and diluted earnings per share of Rs 2/- each (in Rupees)	8.03	9.47
44. LEASES		
The Company has taken office premises on non cancellable operating lease basis with a lock-in period of three years.		
Rental expenses paid during the year towards that lease	77,256	70,818
Minimum lease payments payable :		
Within one year	77,256	77,256
Later than one year and not later than five years	77,256	83,694
45. EMPLOYEE BENEFITS		
The Company's obligation towards the Gratuity fund is a defined benefit plan. The details of actuarial valuation is given below:		
(I) Change in Benefit Obligation		
Liability at the beginning of the year	361,403	292,701
Interest Cost	20,500	19,343
Current Service Cost	15,517	15,854
Past Service Cost (Vested Benefit)	48,775	48,347
Benefit Paid	(38,492)	(22,374)
Benefit Paid (non funded)		
Actuarial (gain)/loss on obligations	23,640	7,532
Liability at the end of the year	431,343	361,403

Notes To The Financial Statements

For The Year Ended December 31, 2009

(Rupees Thousands)

	December 2009	December 2008
(II) Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	284,561	242,700
Expected Return on Plan Assets	20,446	18,958
Contributions	7,533	41,699
Benefit Paid	(38,492)	(22,374)
Actuarial gain/(loss) on Plan Assets	7,665	3,578
Fair value of plan assets at the end of the year	281,713	284,561
(III) Actual Return on Plan Assets		
Expected Return on Plan Assets	20,446	18,958
Actuarial gain/(loss) on Plan Assets	7,665	3,578
Actual Return on Plan Assets	28,111	22,536
(IV) Amount Recognised in the Balance Sheet		
Liability at the end of the year	431,343	361,403
Fair Value of Plan Assets at the end of the year	281,713	284,561
Difference (Funded Status)	149,630	76,842
Amount Recognised in the Balance Sheet	149,630	76,842
(V) Expenses Recognised in the Income Statement		
Current Service Cost	15,517	15,854
Interest Cost	20,500	19,343
Expected Return on Plan Assets	(20,446)	(18,958)
Net Actuarial (Gain)/loss to be recognised	15,975	3,954
Past Service Cost (Vested Benefit) Recognised	48,775	48,347
Expense Recognised in P & L	80,321	68,540
(VI) Balance Sheet Reconciliation		
Opening Net Liability	76,842	50,001
Expense as above	80,321	68,540
Employers Contribution	(7,533)	(41,699)
Amount Recognised in Balance Sheet	149,630	76,842
(VII) Actuarial Assumptions : For the year		
Discount Rate Current	7.5%	7.5%
Rate of Return on Plan Assets Current	7.5%	7.5%
Salary Escalation Current	7.5%	7.5%
Mortality table	LIC (1994-96)	LIC (1994-96)

46. AREVA GLOBAL TRANSMISSION AND DISTRIBUTION BUSINESS SALE :

During the year, AREVA, the ultimate holding company decided to exit T&D business and consequent to the decision, AREVA Executive Board has begun negotiations with Alstom-Schneider Consortium. In January 2010, the management in India has been informed that a Share Purchase Agreement was signed between AREVA Group and Alstom-Schneider Electric and the completion of the sale transaction is subject to obtaining the merger clearances from EU Commission and other Competition authorities. When the transaction is cleared by the said authorities, the acquirers in compliance with SEBI regulations in India, will need to communicate to the shareholders their detailed plans, wherein possible reorganisation of the T&D business in India is expected.

47. CHANGE IN REGISTERED OFFICE

During the year, the registered office of the Company was shifted from Kolkata to New Delhi after obtaining necessary approvals.

48. PRIOR YEAR COMPARATIVES

Prior year figures have been reclassified wherever necessary for comparative purposes.

Balance Sheet abstract and Company's General Business Profile



I. REGISTRATION DETAILS

Registration no.:	L31102DL1957PLC193993
State code:	55
Balance sheet date:	December 31, 2009

Rupees Thousands

II. CAPITAL RAISED DURING THE YEAR

Public issue	-
Rights issue	-
Bonus issue	-
Private placement	-

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total liabilities	37,761,722
Total assets	37,761,722

Sources of funds

Paid up capital	478,208
Reserves and Surplus	8,187,705
Secured loans	0
Unsecured loans	7,676,119

Application of funds

Net fixed assets	8,902,791
Investments	34
Net deferred tax asset	100,089
Net current assets	7,339,118
Miscellaneous expenditure	-
Accumulated losses	-

IV. PERFORMANCE OF THE COMPANY

Turnover	37,414,323
Total expenditure	34,416,283
Profit/(Loss) before tax	2,998,040
Other items	(1,078,014)
Profit/(Loss) after tax	1,920,026
Earnings per share (in rupees)	8.03
Dividend rate (in per cent)	90.00

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY

(As per monetary terms)

Item code no. (ITC Code)	85.04
Product description:	Transformers and reactors
Item code no. (ITC Code)	85.35
Product description:	Switchgear - All Types
Item code no. (ITC Code)	85.37
Product description:	Control Panels

Glossary

Distribution network

An electricity distribution network deals with local distribution to individual electricity users and has many thousands of connections to customers. Electricity is distributed at medium voltage of around 12-24,000 Volts, which is then gradually reduced to low voltage at the point of use - for example 230 Volts in Europe and 110 Volts in the USA.

Electricity Distribution System

System that delivers electricity locally to end-users: industries, businesses, service providers, residences, etc. Electricity is distributed at medium voltage (12-24,000 V) and gradually reduced to low voltage at the point of end-use (230 V in Europe, 110V in the United States).

Electricity Transmission System

System for electricity transmission from the power plant to the distribution system. It covers large geographical areas. The transmission system includes high voltage and very high voltage power lines, transformers and switchgear equipment.

E-BOP

Electrical Balance of Plant in a power Plant is all electrical power systems and equipment that supply the electrical energy to the various plant auxiliaries and also transmit electricity to the power grid. Major equipment included in E-BOP package are Transformers, MV and LT switchgear, automation and protection systems and plant lighting and protections etc.

FACTS (Flexible Alternative Current Transmission System)

FACTS are combinations of solid-state switches and computerized automation that enable nearly instantaneous customized control of AC power flows. It is a new technology based on power electronics. It offers an opportunity to enhance controllability, stability, power transfer capability of alternative current (AC) transmission systems.

Grid Management System

Systems to optimize electricity flows, prevent equipment overloads, limit losses and analyze outage risks.

HVDC (High Voltage Direct Current power transmission)

This method of connection permits the flow of power between two different networks without synchronization.

SCADA

SCADA is an acronym for Supervisory Control and Data acquisition.

It refers to a system that collects data from various sensors at remote locations (substations, plants..) and then sends this data to a central computer which then manages and controls the data.

SMART GRID

Electrical transmission and distribution power grid of the future. It can be defined as the introduction of intelligence across all the power grid components so that the network is able to answer and adapt to demand for power.

Substation

A substation connects various parts of a network, which are operated at different voltage levels. It serves to control and transfer power flows as well as to transform voltage levels.

Transformer

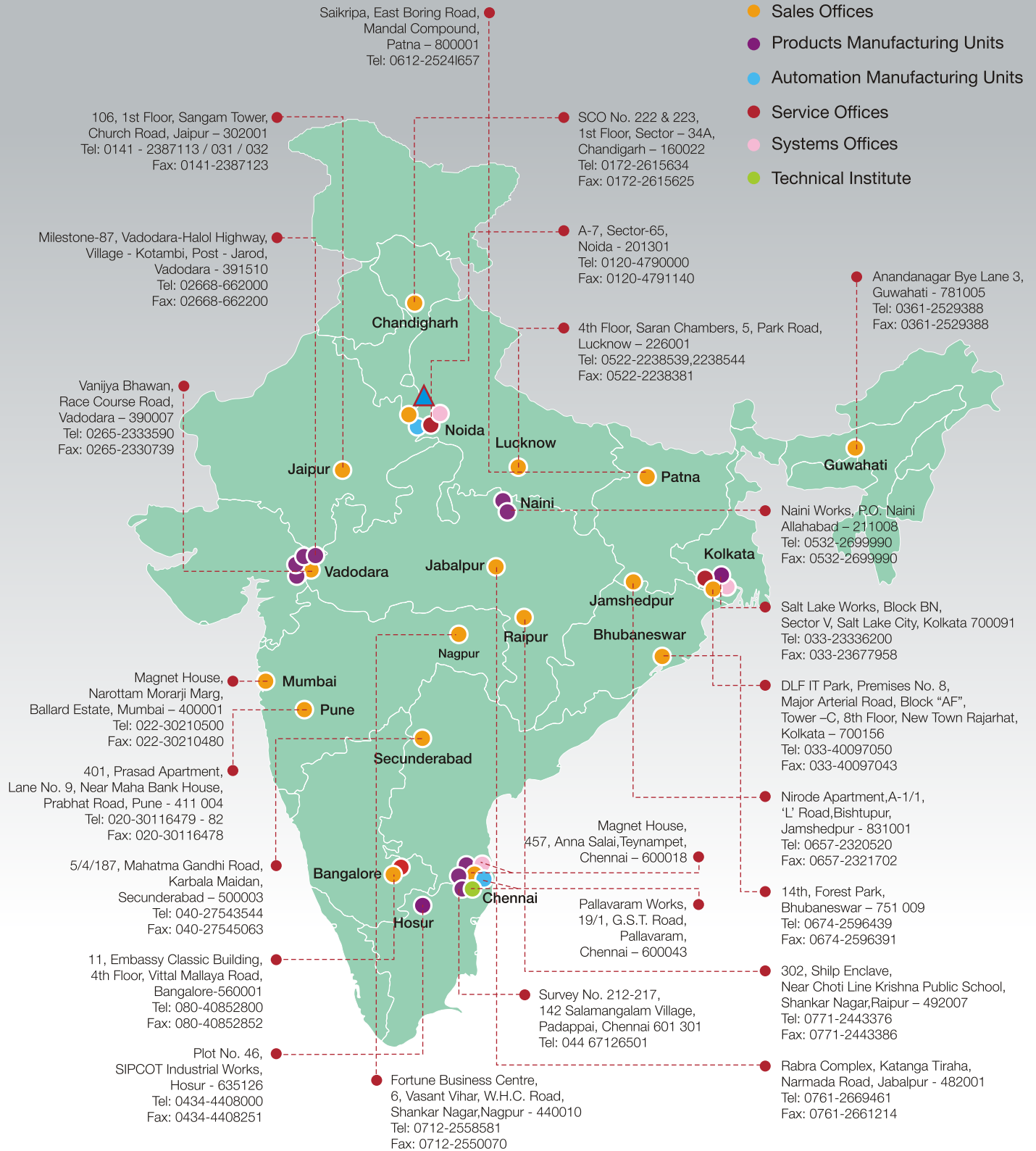
Interface between sections of a power network that operate at different voltages. In the substation, voltage is transformed and electricity supply flows are controlled.

Transmission network

A transmission network is used to move electricity from generators to the distribution system. It consists of high and very high voltage lines, transformers and switches. Transmission networks usually cover large geographical distances, ensuring electricity transmission across whole countries and regions.

OUR GEOGRAPHICAL SPREAD IN INDIA

- ▲ Country Office
- Sales Offices
- Products Manufacturing Units
- Automation Manufacturing Units
- Service Offices
- Systems Offices
- Technical Institute



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