

ELANTAS Beck India Ltd.



Report  Junction

Annual Report 2007

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ELANTAS

Electrical Insulation

Global Presence

ELANTAS GmbH,
Germany

ELANTAS UK Ltd.,
United Kingdom

ELANTAS Beck GmbH,
Germany

ELANTAS Deatech S.r.L.,
Italy

ELANTAS Camattini S.p.A.,
Italy



ELANTAS Beck India Ltd.,
India

ELANTAS PDG Inc.,
U.S.A.

ELANTAS Zhuhai Co. Ltd.,
P.R. China

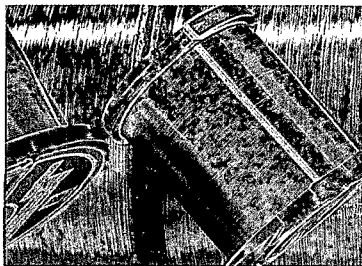
ELANTAS Isolantes
Elétricos do Brasil Ltda.,
Brasil

ELANTAS (Tongling) Co. Ltd.,
P.R. China

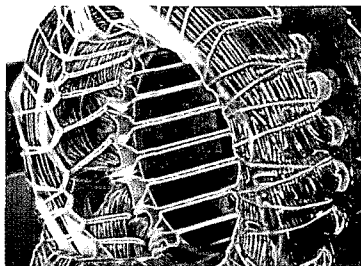
Manufacturers of Reliability

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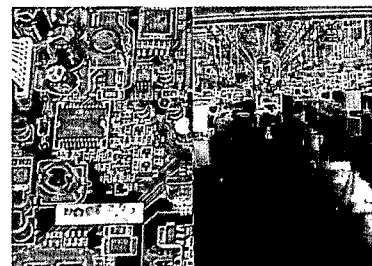
Business Lines



Primary Insulation:
Supplies the enameled wire industry.



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



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

Board of Directors

Dr. Matthias Wolfgruber
Chairman

Dr. Guido Forstbach

Mr. Martin Babilas

Dr. Wolfgang Schütt

Mr. Ravindra Kulkarni

Mr. Pradeep Mallick

Mr. Suresh Talwar
(Alternate to Dr. Matthias Wolfgruber)

Mr. Prashant Deshpande
(Alternate to Dr. Wolfgang Schütt)

Mr. Sharadkumar Shetye
(Alternate to Dr. Guido Forstbach)

Mr. Rajeev Bhide
(Alternate to Mr. Martin Babilas)

Mr. Manu Tandon
Managing Director

Executive Management

Mr. Manu Tandon
Managing Director

Mr. Prashant Deshpande
Director- Marketing

Mr. Sharadkumar Shetye
Director- Manufacturing

Mr. Rajeev Bhide
Director- Finance & Corporate Affairs

Company Secretary & Head Legal
Mr. Shirish Dabir

Auditors

BSR & Co.
Chartered Accountants

Internal Auditors

Mahajan & Aibara

Solicitors

Talwar Thakore & Associates

Bankers

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

Registrars & Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.

Registered Office

407-A, 'Arcadia', 4th Floor,
195, Nariman Point,
Mumbai 400 021

Corporate Office

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

Works

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

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

Regional Offices

Bangalore, Kolkata,
Mumbai, New Delhi

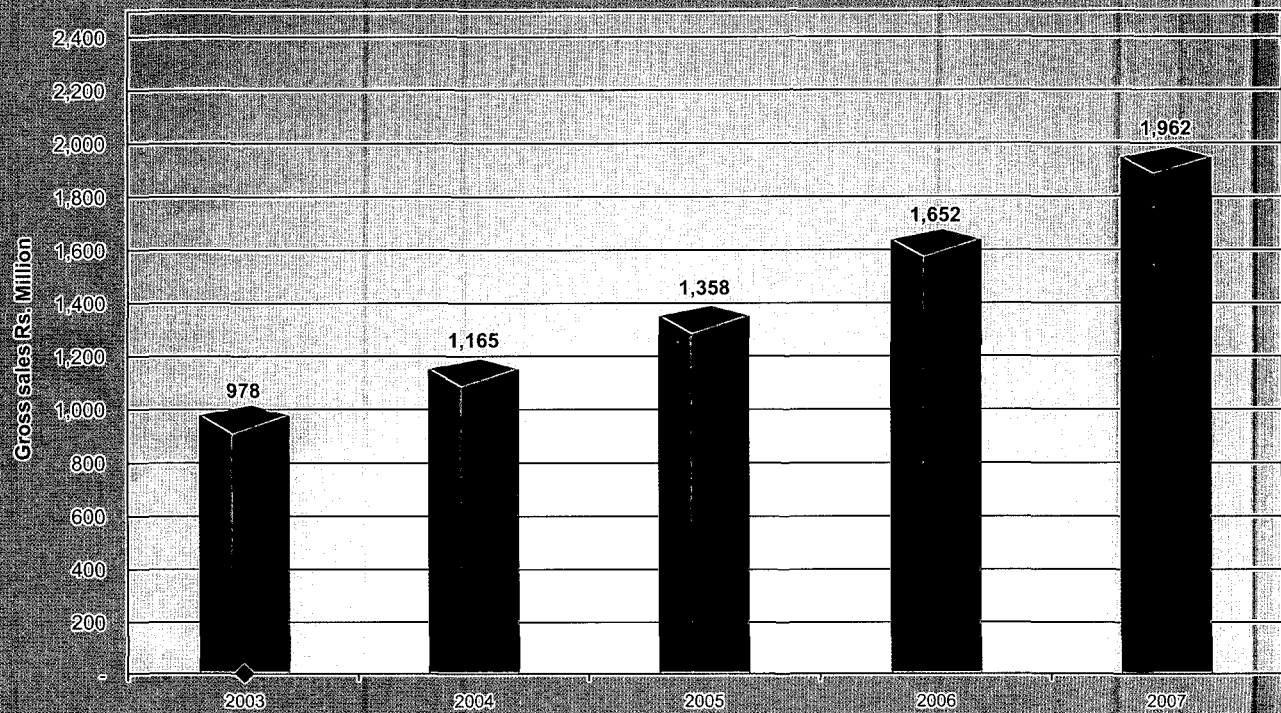
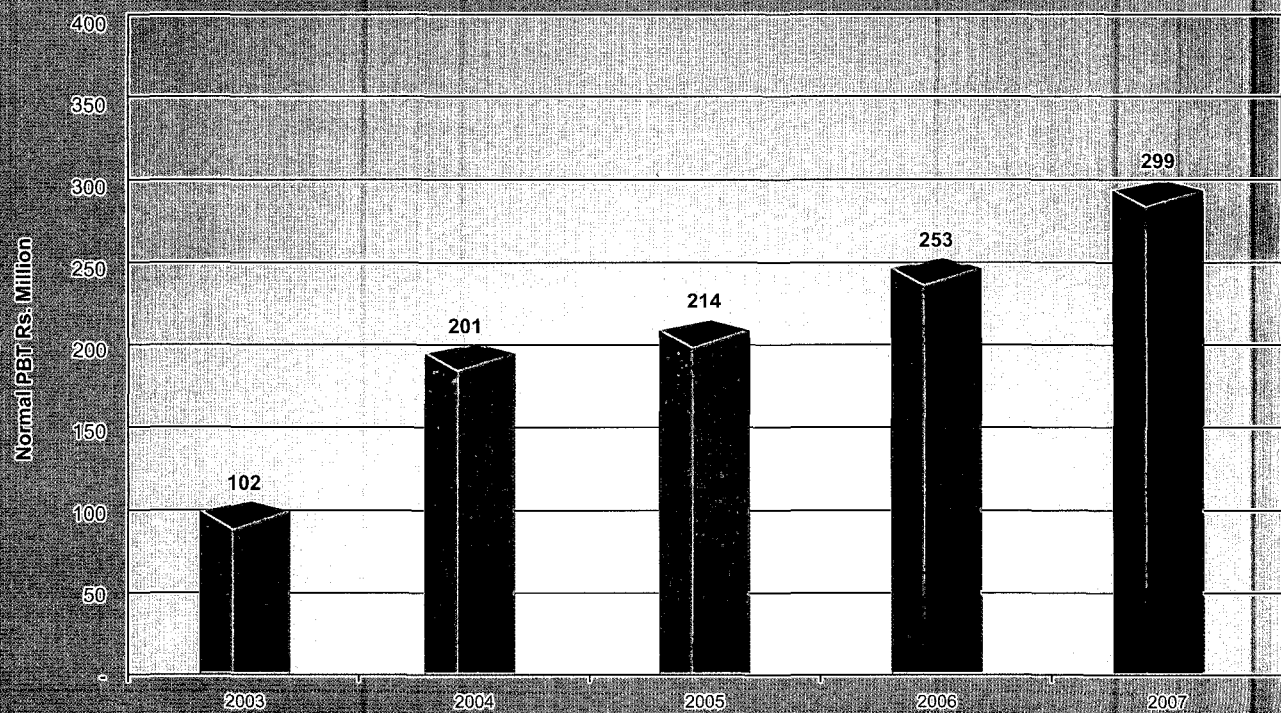
website

<http://www.beckindia.com>

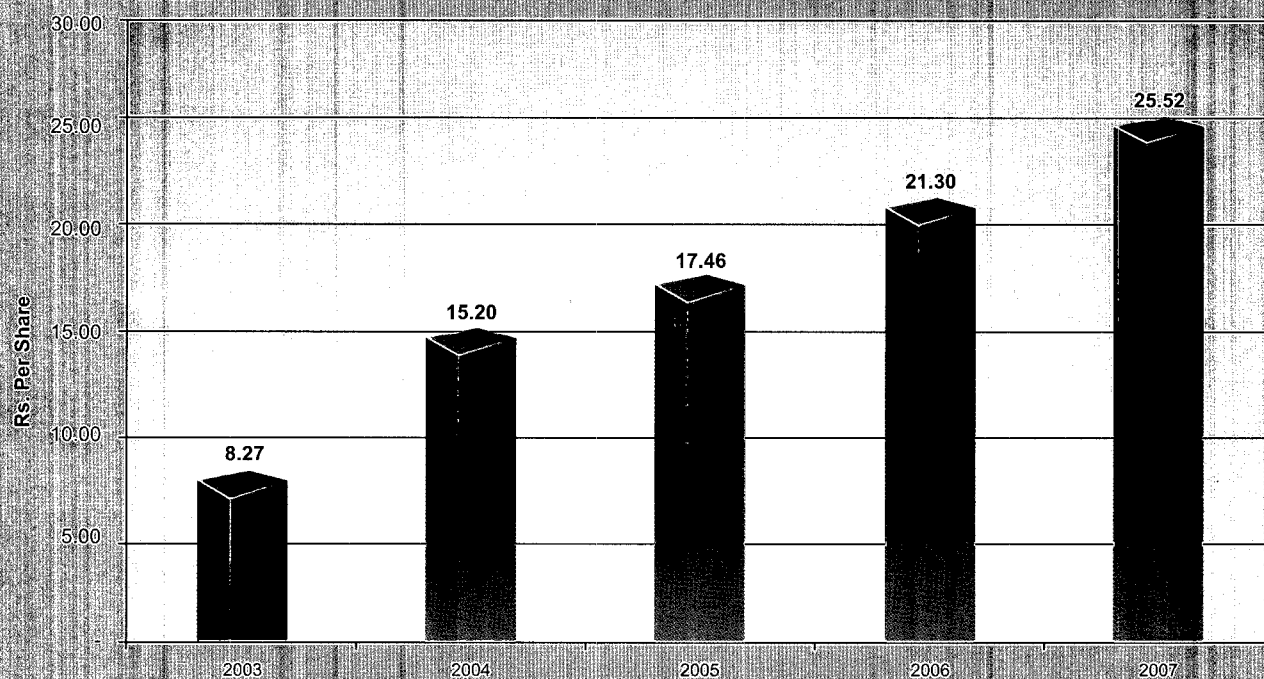
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02 IELANTAS Beck India Ltd. | Five years at a glance |

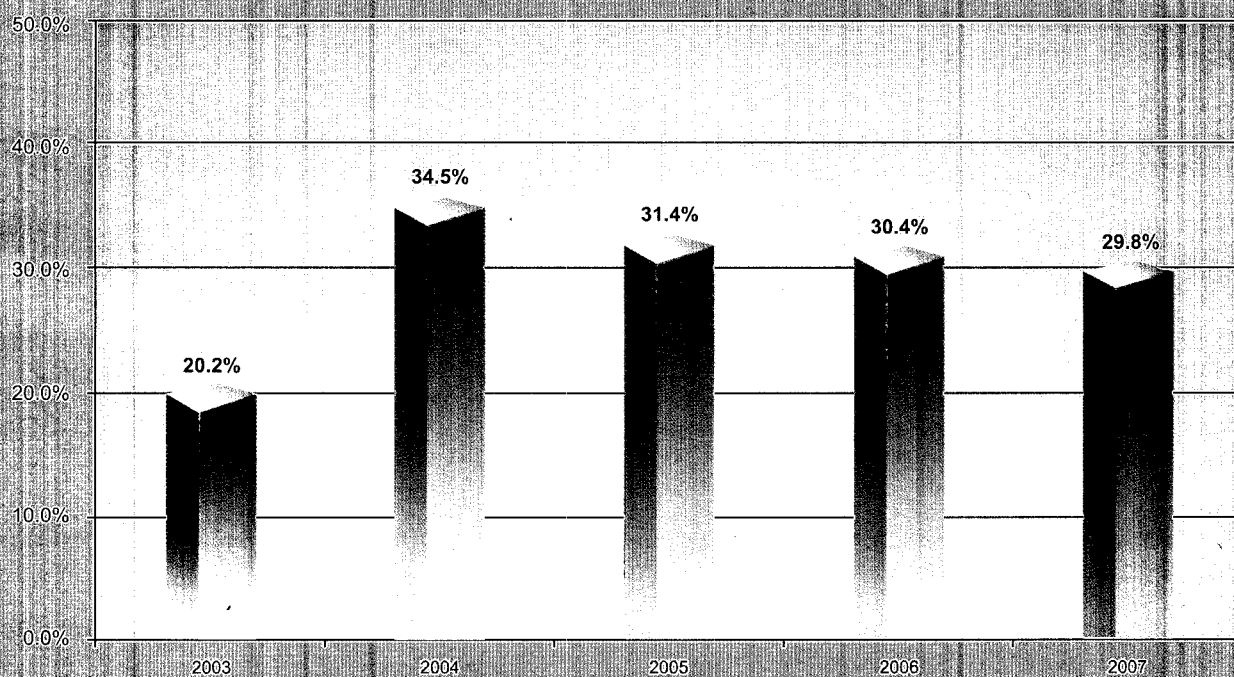
Sales Growth**Profit Growth**

Earnings per Share



Note: EPS for 2003 excludes effects on account of sale of business.

Return on Capital Employed



Directors' Report

To the Members,

Your Directors have pleasure in presenting the Fifty-second Annual Report and the Audited Accounts for the financial year ended 31 December 2007.

Financial Highlights

(Rs. Million)

	Year ended 31.12.2007	Year ended 31.12.2006
Income from operations	1746.33	1483.57
Profit before Interest, Depreciation & Tax	324.98	269.72
Depreciation	25.78	16.99
Interest	0.43	0.11
Profit Before Tax	298.77	252.62
Provision for tax	96.42	83.77
Net Profit	202.35	168.85
Profit & Loss Account brought forward	301.89	181.57
Profit Available for appropriation	504.24	350.42
Appropriations:		
Interim Dividend	-	27.75
Proposed Dividend (Final)	31.71	-
Tax on Dividend distributed	5.40	3.89
Transfer to General Reserve	20.23	16.89
Carried to Profit & Loss Account	446.90	301.89
	504.24	350.42

Performance

The sales performance of Rs.1705 million for the year ended 31 December 2007 is 18% higher than the sales performance of Rs.1442 million for the previous year ended 31 December 2006. In quantitative terms, sales volume has increased by 16% over the previous year.

The aforesaid growth in sales as well as an improvement in other operational parameters has resulted in an appreciable increase in Profit Before Tax.

Dividend

Your directors are pleased to recommend a higher dividend of Rs.4.00 per equity share, for the year ended 31 December 2007, in view of the consistent improvement in the financial performance of the Company.

Change of Company Name

Consequent to the sale of the Pharmaceutical business of Altana AG Germany to Nycomed of Denmark in December 2006, the Group has repositioned itself as a pure speciality chemicals company.

The Electrical Insulations business of Altana AG comprises a number of acquisitions over the past several years, each company continuing to carry its original name. In order to project a common identity to the companies in the Electrical Insulation business group, Altana had adopted a common name for all companies followed by the individual company's name. Hence Beck India Ltd. was renamed as ELANTAS Beck India Ltd., which change was approved at the last shareholders' meeting.

Directors

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

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

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

The term of appointment of Mr. Rajeev Bhide as a Wholetime Director expired on 31.3.2008. The Board of Directors at its meeting held on 22.1.2008 decided to re-appoint Mr. Rajeev Bhide as a Wholetime Director

w.e.f. 1.4.2008 for a period of 5 years, on the terms & conditions and remuneration set out in the agreement to be entered with him. The said appointment and the terms & conditions and remuneration thereof are subject to the approval of the shareholders in the General Meeting of the Company, and therefore the resolution and the relevant Explanatory Statement seeking his re-appointment has been included in the Notice of the Annual General Meeting.

Corporate Governance

Your Company lays a strong emphasis on practicing the principles of good Corporate Governance. The Board of Directors relies on maintaining transparency, accountability and integrity in the Company functioning. Your Company has fully implemented the code of Corporate Governance as per the listing agreements with the Stock Exchanges.

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

Directors' Responsibility Statement

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed, along with appropriate explanations relating to material departures.
2. the accounting policies have been consistently applied, and reasonable and prudent judgement and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31 December 2007, and the Profit for the year ended on that date.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.

Fixed Deposits

During the year under review, the Company has not accepted any Fixed Deposits. As at 31 December 2007, deposits amounting to Rs.13,000 which, though matured, had remained unclaimed. Depositors had been accordingly intimated with a request to claim their deposits.

Cost Audit

Dhananjay V. Joshi & Co., Cost Accountants, have been re-appointed for the year 2008 to conduct an audit of the cost accounting records maintained by the Company in respect of Synthetic Resins and Varnishes.

Auditors

The Auditors BSR & Co., Chartered Accountants, Mumbai, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Audit Committee recommends the re-appointment of BSR & Co., as Auditors of the Company for the year 2008. The Company has received a letter from retiring Auditors to the effect that their appointment, if carried out, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

Voluntary De-listing of the Company's shares

The Company has made an application to the Pune Stock Exchange, for voluntary de-listing of its shares, for which the confirmation is awaited.

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

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

Particulars of Employees

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

Industrial Relations

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

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

For and on behalf of the Board

Mumbai
15 April 2008

Suresh Talwar
Director

Manu Tandon
Managing Director

Annexure A to the Directors' Report 2007

Additional information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

(a) Following measures were taken to conserve energy:

- Handling of material using air operated diaphragm pumps in place of vacuum pumps & ejectors at Ankleshwar and Pimpri.
- Provision of twin lobe rotary compressor with variable frequency drive at Ankleshwar.
- Installation of energy efficient fine bubble diffused aeration system for new Effluent Treatment Plant lagoon at Ankleshwar.
- Implementation of an Energy Management System at Ankleshwar for monitoring electrical energy units consumed.
- Installation of energy efficient variable frequency drives for agitators at Ankleshwar and Pimpri.
- Centralization of utility services at Pimpri.
- Optimization of compressed air consumption at Pimpri.
- Replacement of the forced draft ventilation systems by naturally induced convective ventilation systems at Ankleshwar.
- Installation of energy efficient twin lobe compressors in place of blowers for Effluent Treatment Plant at Pimpri.
- Installation of air operated diaphragm pumps for liquid charging at both Ankleshwar and Pimpri.

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

- Installation of energy efficient fine bubble diffused aeration system for additional two new ETP lagoons, at Ankleshwar.
- Improvement in material handling of solid/powder material at Ankleshwar.
- Modification of mixing vessel at Ankleshwar to enhance energy efficiency and capacity utilization of reactor.
- Installation of twin shaft mixer for pigmented product at Pimpri.

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

- Overall optimization of energy consumption leading to reduced electricity and fuel consumption per metric ton of production.

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

	Year ended 31 December 2007	Year ended 31 December 2006
A. POWER & FUEL CONSUMPTION		
1. Electricity		
(a) Purchased unit (KWH in lakh)		
Total KWH	21.19	21.00
Total amount (Rs.lakh)	108.35	102.45
Rate /KWH (Rs.)	5.11	4.88
(b) Own generation		
i) Through Diesel generator		
Units (KWH in lakh)	1.28	1.36
Units per litre of Diesel Oil	3.27	2.73
Cost / Unit (Rs.)	11.08	14.06
ii) Through Steam turbine / generator		
Units (KWH)	-	-
Units per litre of fuel oil /gas	-	-
Cost / Unit (Rs.)	-	-
2) Coal		
Quantity (Tonnes)	-	-
Total amount (Rs.lakh)	-	-
Average Rate (Rs./MT)	-	-
3) Furnace Oil (LDO)		
Quantity (KL)	261.92	356.63
Total amount (Rs.lakh)	76.69	103.64
Average Rate (Rs./KL)	29,279.93	29,032.89
4) Natural Gas		
Quantity (KM3)	383.88	367.29
Total amount (Rs.lakh)	38.71	32.88
Rate (Rs./KM3)	10,084.37	8,951.30
B. CONSUMPTION PER M.T. OF PRODUCTION		
Products: Wire Enamels, Impregnating Varnishes & Synthetic Resins		
Electricity (KWH)	175.38	190.33
Furnace Oil in Ltrs. (LDO)	20.44	30.35
Coal	-	-
Natural Gas	29.96	31.26
Others	-	-

B. TECHNOLOGY ABSORPTION :**1. Specific areas in which R&D carried out by the Company :**

Research and Development Center was engaged in the development of new synthetic insulation materials for the winding wire industry and absorption of imported technology for certain secondary insulation materials used in electrical industries. Development of coatings for the construction industry was also carried out.

Participated in training programme for M.Tech students of local institutes for subject which is complimentary to our type of business.

2. Benefits derived as a result of the above R & D :
The new products introduced and process improvements implemented led to the following benefits:
- Development of eco-friendly and ROHS compliant insulating Wire Enamels and Varnishes.
 - Scale up and manufacture of several products that successfully met the specific requirements of local customers, by transfer of new product process technology from Group Companies.
 - Cost reduction and process improvement in manufacturing.
3. Future plan of action :
- Continue developmental work on high quality Wire Enamels and Varnishes with reduced toxicity.
 - Undertake further adaptation of new products from Group Companies under technology transfer to expand product offering and cater to local demand potential.
 - Initiate new projects in the fields of both, primary and secondary insulations as part of global R&D initiatives for the benefit of local and global customers.
4. Expenditure on R & D :

(Rs. Lakh)

	Year ended 31.12.2007	Year ended 31.12.2006
(a) Capital	291.31	35.40
(b) Recurring	165.15	97.63
(c) Total	456.46	133.03
(d) Total R & D expenditure as a percentage of total turnover	2.33	0.81

5. Technology absorption, adaptation & innovation :
The Technology received from our collaborators in respect of new product is modified to suit customers' needs.
Information regarding technology imported during the last five years:

	Technology imported	Year of Import	Has the Technology been fully absorbed	If not, when to be absorbed
1.	Know-how for manufacture of insulating Wire Enamel and Varnishes.	2007	Partially absorbed	December' 08
2.	Modification of technology from Sanmar Speciality Chemicals - Intec Polymer Division	2007	Partially absorbed	December' 08

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Annexure B to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31 December 2007.

Name	Designation	Remuneration subject to tax (Rs.)	Qualification	Age and experience (Years)	Date of commencement of employment	Last employment held- Designation and Organization
Mr. Manu Tandon	Managing Director	6,117,553	B.Com., F.C.A (England & Wales)	64/40	01.01.1996	Chief Executive-Finance & Personnel. BASF INDIA Ltd., Mumbai
Mr. Prashant Deshpande	Director-Marketing	3,160,295	B.E.(Elec), M.B.A P.G.-Power Systems	63/42	01.04.1986	Div. Marketing Manager, Crompton Greaves Ltd., Nasik.
Mr. Sharadkumar Shetye	Director-Manufacturing	2,946,063	B.Tech.(Chemical Engg) D.B.M., M.M.S.	59/37	20.10.1971	-
Mr. Mr. Rajeev Bhide	Director-Finance & Corporate Affairs	2,989,126	B.Com., F.C.A D.M.M	50/27	01.03.2000	Vice President-Finance International Computers (India) Ltd. Pune

Notes:

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