

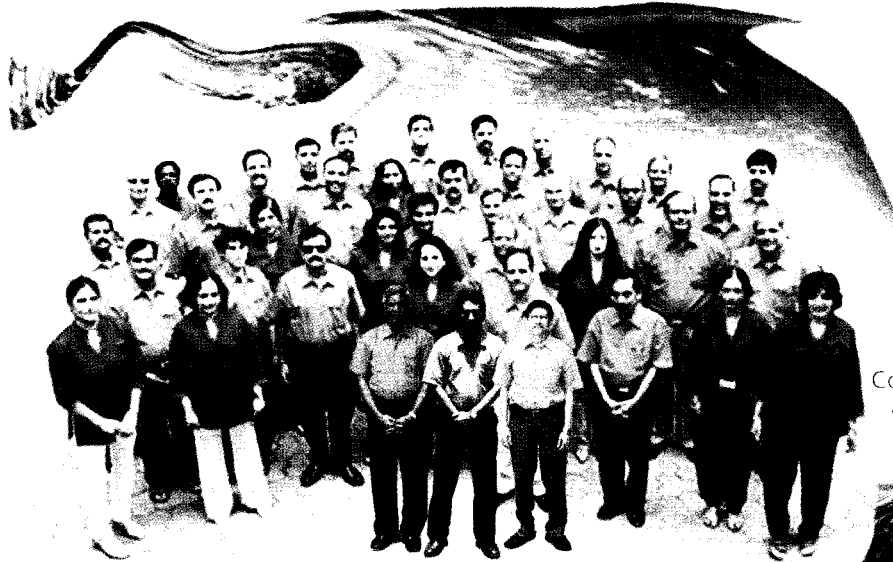
ELANTAS Beck India Ltd.

Annual Report 2008

ELANTAS

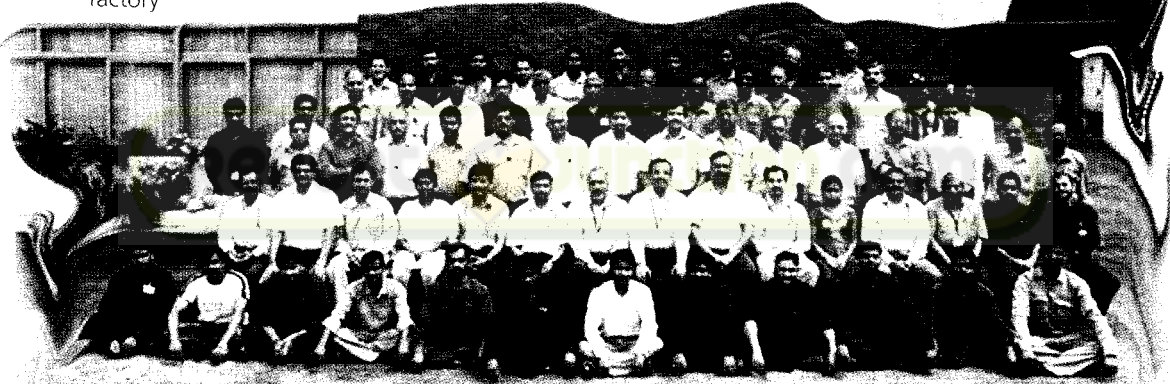
Electrical Insulation

The ELANTAS Beck India family



Corporate office
& Marketing
Head office

Pimpri
factory



Ankleshwar
factory

Regional offices:



Delhi



Bangalore



Kolkata

Board of Directors

Dr. Matthias Wolfgruber
Chairman

Dr. Wolfgang Schütt

Mr. Ravindra Kulkarni

Mr. Pradeep Mallick

Mr. Suresh Talwar

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

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

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

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

Mr. Rajeev Bhide
Managing Director

Mr. Manu Tandon (retired w.e.f. 31 July 2008)

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, New Delhi

Executive Management

Mr. Rajeev Bhide
Managing Director

Mr. Prashant Deshpande
Director- Marketing

Mr. Sharadkumar Shetye
Director- Manufacturing

Mr. Sanjay Kulkarni
General Manager - Finance & Materials

Company Secretary & Head Legal

Mr. Shirish Dabir

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.

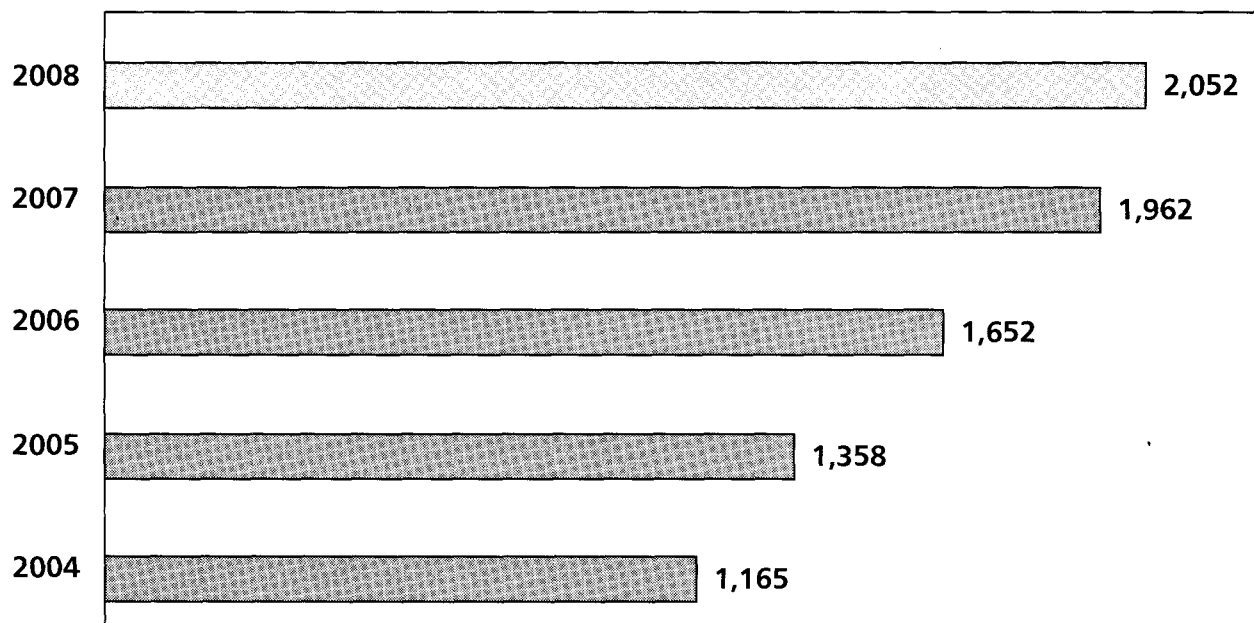
website

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

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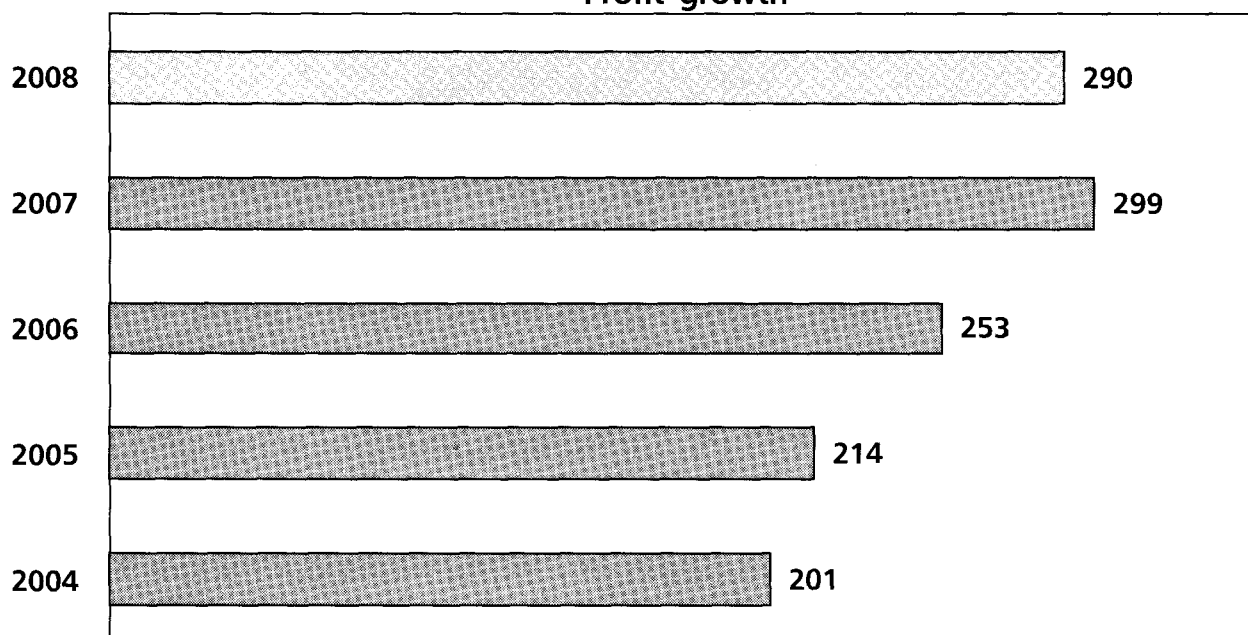
Sales growth



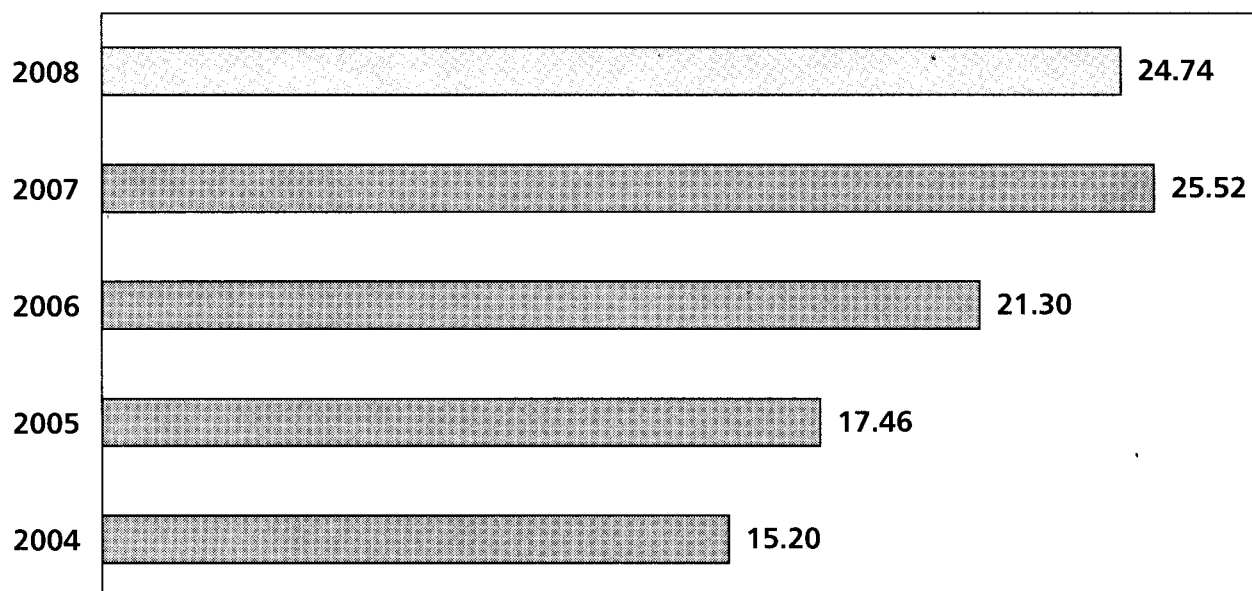
Gross sales Rs. Millions



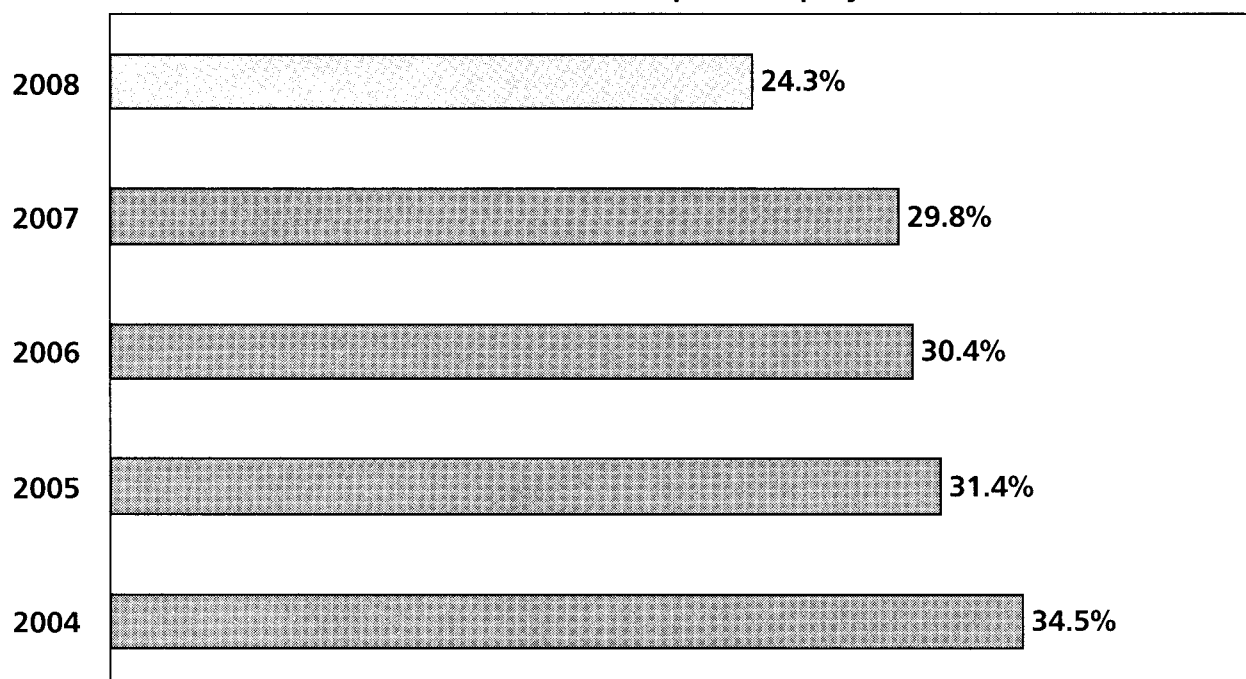
Profit growth



PBT Rs. Millions

Earnings per Share

Rs. Per share

**Return on Capital Employed**

Directors' Report

To the Members,

Your Directors have pleasure in presenting the Fifty-third Annual Report and the Audited Accounts for the financial year ended 31 December 2008.

Financial Highlights

(Rs. Million)

	Year ended 31.12.2008	Year ended 31.12.2007
Income from operations	1866.93	1746.33
Profit before Interest, Depreciation & Tax	322.12	324.98
Depreciation	32.12	25.78
Interest	0.31	0.43
Profit Before Tax	289.69	298.77
Provision for tax	93.55	96.42
Net Profit	196.14	202.35
Profit & Loss Account brought forward	446.90	301.89
Profit Available for appropriation	643.04	504.24
Appropriations:		
Interim Dividend	-	-
Proposed Dividend (Final)	31.71	31.71
Tax on Dividend distributed	5.39	5.39
Transfer to General Reserve	19.61	20.23
Carried to Profit & Loss Account	586.33	446.91
	643.04	504.24

Performance

The sales performance of Rs.1810 million for the year ended 31 December 2008 was 6% higher than Rs.1705 million for the previous year ended 31 December 2007. In quantitative terms, sales volume has decreased by 1% over the previous year.

This flat sales performance as well as the slight dip in other operational parameters has resulted in a corresponding decrease in Profit Before Tax by 3%.

Dividend

In light of the slowing down of the Indian economy and the challenging business prospects being faced by the Company, your Directors recommend that dividend be maintained at Rs. 4.00 per equity share, for the year under review.

Directors

Mr. Pradeep Mallick and Mr. Ravindra Kulkarni 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 or from holding office as Directors, as stipulated under Section 274 of the Companies Act, 1956.

During the year under review, Mr. Manu Tandon retired as the Managing Director of the Company with effect from 31 July 2008 and Mr. Rajeev Bhide was appointed as the Managing Director with effect from 1 August 2008, consequent to which, he ceased to be Alternate Director to Mr. Martin Babilas.

Mr. Martin Babilas and Dr. Guido Forstbach resigned from the position of the Directors of the Company with effect from 23 March 2009, consequent to which Mr. Sharadkumar Shetye ceased to be Alternate Director to Dr. Guido Forstbach.

Mr. Suresh Talwar resigned as Alternate Director to Dr. Matthias Wolfgruber with effect from 23 March 2009 and was appointed as Additional Director with effect from that date.

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

Mr. Sharadkumar Shetye was appointed as Alternate Director to Dr. Wolfgang Schütt with effect from 23 March 2009.

Consequent to the resignation and fresh appointment of Alternate Directors, the Board of Directors, in its meeting held on 18 April 2009, re-appointed Mr. Prashant Deshpande and Mr. Sharadkumar Shetye, being in the employment of the Company,

as Wholetime Directors for a period of one year with effect from 28 May 2009 i.e. from 28 May 2009 to 27 May 2010, on the terms & conditions and remuneration set out in the agreement entered into with them. 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 their re-appointment has been included in the Notice of the Annual General Meeting.

Corporate Governance

Your Company values and strongly believes in practising the principles of good Corporate Governance in letter and spirit. The management believes that maintenance of transparency, accountability and integrity in the Company functioning are essential prerequisites for good governance and are relied upon by the Board of Directors.

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 judgment and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31 December 2008, 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 2008, deposits amounting to Rs.3,000 which though matured, had remained unclaimed. The said amount of Rs.3,000 lying unclaimed / unpaid for a period of seven years from the date it became due for payment, has been transferred on 13 April 2009 to the Investors Education and Protection Fund (IEPF) established by the Central Government.

Cost Audit

Dhananjay V. Joshi & Co., Cost Accountants, have been re-appointed for the year 2009 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 2009. 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 from Pune Stock Exchange

The Company's shares have been voluntarily de-listed from the Pune Stock Exchange with effect from 16 June 2008.

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
18 April 2009

Suresh Talwar
Director

Rajeev Bhide
Managing Director

Annexure A to the Directors' Report

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:

- Installation of Energy efficient twin lobe compressors installed for fine bubble diffused aeration system used in aerated lagoons of the Effluent Treatment Plant at Ankleshwar.
- Installation of additional capacity for storage of molten solvents at Ankleshwar.
- Re-organization of production facilities at Pimpri in order to enhance, productivity and energy efficiency of resins.
- Further extension of computerized Process Control Systems to 4 reactors at Pimpri to yield greater energy efficiency and process control and consistency.
- Installation of pneumatic charging system for handling fillers/powders at Pimpri.
- Installation of energy efficient variable frequency drives for mixers and reactors at Pimpri.
- Optimization of energy consumption at Pimpri and Ankleshwar by installing various projects and programmes involving modifications to existing plant and equipment, capacity expansion through new equipment installation and de-bottlenecking.

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

- Air operated double diaphragm pumps and barrel pumps for liquid charging at Pimpri and Ankleshwar.
- Process Instrumentation & automation for relocated and new mixers at Pimpri and Ankleshwar.
- Extension of the existing Resin Plant on the western side for creating infrastructure for further expansion of capacities in future at Ankleshwar.
- Replacing reciprocating compressor of Nitrogen plant by energy efficient Screw Air compressor at Ankleshwar.
- Installation of a new fuel efficient and emissions eco-compliant DG set at Ankleshwar.
- Improvement in material handling by installation of Goods Lift/Freight Elevator for handling solid/powder material from Warehouse to Resin Plant at Ankleshwar.

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

- Overall savings in energy consumption leading to reduced electricity and fuel consumption per metric Ton of production

I ELANTAS Beck India Ltd. I Annexure A to the Directors' Report I 07

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

	Year ended 31 December 2008	Year ended 31 December 2007
A. POWER & FUEL CONSUMPTION		
1. Electricity		
(a) Purchased unit (KWH in lakh)		
Total KWH	20.65	21.19
Total amount (Rs.lakh)	107.38	108.35
Rate /KWH (Rs.)	5.20	5.11
(b) Own generation		
i) Through Diesel generator		
Units (KWH in lakh)	2.73	1.28
Units per litre of Diesel Oil	3.32	3.27
Cost / Unit (Rs.)	11.69	11.08
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)	251.40	261.92
Total amount (Rs.lakh)	100.17	76.69
Average Rate (Rs./KL)	39,845	29,280
4) Natural Gas		
Quantity (KM3)	401.48	383.88
Total amount (Rs.lakh)	50.34	38.71
Rate (Rs./KM3)	12,540	10,084
B. CONSUMPTION PER M.T. OF PRODUCTION		
Products: Wire Enamels, Impregnating Varnishes & Synthetic Resins		
Electricity (KWH)	181.06	175.38
Furnace Oil in Ltrs. (LDO)	19.47	20.44
Coal	-	-
Natural Gas	31.09	29.96
Others	-	-

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

Research and Development Centre was engaged in the development of new synthetic insulation materials for the electrical industries, absorption of imported technology for certain wire enamels and development of more eco friendly wire enamels based on less toxic raw materials. Further development of coatings for the construction industry with focus on certain specific properties was also carried out.

The efforts towards participating in training programme for M.Tech students from local institutes on subjects which are complimentary to our type of business, were continued.

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

Some of the new products introduced and process improvements implemented led to the following benefits:

- Eco- friendlier and less toxic variants of wire enamel products.
- More resilient epoxy flooring systems.

08 ELANTAS Beck India Ltd. I Annexure A to the Directors' Report I

- Energy and cost saving version of varnishes used on glass cloth insulation.
 - Bilateral exchange of technology with the Global R&D network of ELANTAS aimed at knowledge sharing problem solving and customer satisfaction.
 - Cost reduction and process improvement in manufacturing.
3. **Future plan of action.**
- Continue development work for less toxic and ROHS Compliant wire enamels and varnishes.
 - Adapt new product from group companies under technology transfer to cater to local demand potential.
 - Initiate new projects as part of global R&D initiatives for the benefit of local and global customers.
 - New drive to consolidate our position in the polyester wire enamel segment.
 - More interaction and collaboration with the local institutes working in the research areas complimentary to our type of business.

4. Expenditure on R & D

(Rs. Lakh)

	Year ended 31.12.2008	Year ended 31.12.2007
(a) Capital	8.75	291.31
(b) Recurring	184.03	165.15
(c) Total	192.78	456.46
(d) Total R & D expenditure as a percentage of total turnover	0.94	2.33

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	Yes	Completed
2.	Modification of technology from Sanmar Speciality Chemicals - Intec Polymer Division	2007	Yes	Completed

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 2008.

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 upto 31.07.2008	4,600,409	B.Com., F.C.A (England & Wales)	65/41	01.01.1996	Chief Executive-Finance & Personnel. BASF INDIA Ltd., Mumbai.
Mr. Prashant Deshpande	Director-Marketing	3,579,881	B.E (Elec), M.B.A P.G.-Power Systems	64/43	01.04.1986	Div. Marketing Manager, Crompton Greaves Ltd., Nasik.
Mr. Sharadkumar Shetye	Director-Manufacturing	3,264,473	B.Tech.(Chemical Engg) D.B.M., M.M.S.	60/38	20.10.1971	-
Mr. Rajeev Bhide	Managing Director w.e.f. 01.08.2008 Director- Finance & Corporate Affairs upto 31.07.2008	3,937,645	B.Com., F.C.A D.M.M	51/28	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.