

**b) Information regarding payment to relatives of directors**

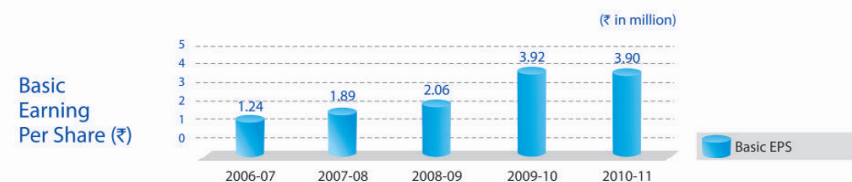
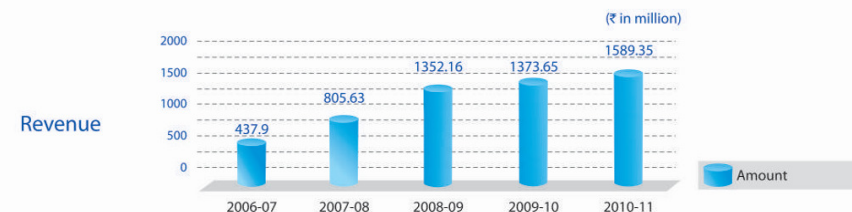
Profit &amp; Loss Account includes payment to relatives of directors as under:

	2010-11 (₹)	2009-10 (₹)
Salary & Bonus	4,004,393	2,804,820
Perquisites/Allowances	313,334	230,658
Contribution towards Superannuation/Provident Funds	225,600	231,229
<b>Total</b>	<b>4,543,327</b>	<b>3,266,707</b>

**16. Additional information (pursuant to the provisions of Part II & Part IV of Schedule VI to the Companies Act, 1956)****DETAILS OF GOODS MANUFACTURED/SALES/STOCK**

Category	Unit Of Measure	Annual Installed Capacity	Annual Production/ purchase	Opening Stock		Sales		Closing Stock	
				QTY	VALUE(RS.)	QTY	VALUE(RS.)	QTY	VALUE(₹)
1 Welding Electrodes/flux	Tonnes	30,000	16,469	228	31,258,828	16,131	1,197,279,852	566	50,806,725
2 Continuous Consumable	Tonnes	6,300	4,490	94	8,276,089	4,503	365,671,518	81	11,739,307
3 Silicate	Tonnes	2,400	671	-	-	671	14,723,612	-	-
4 Welding Equipment	no.	1,000	681	-	-	604	11,673,043	77	2,276,984

- The Company's products are exempt from licensing requirements under New Industrial Policy in terms of Notification No. 477(E) dated 25th July, 1991 & F. No. 10/43/91-LP dated 2nd August, 1991.
- Opening Stock, Turnover, Closing Stock in respect of goods for resale are included in respective product categories.
- The installed capacity is in excess of produced quantity. This is because the FY 2010-11 was the 1st year of commencement of new machine. Most of the machine commissioning took place in the last financial quarter, thereby not having impact on the production levels.

**Five Years at a glance**



Ship building



Automobile



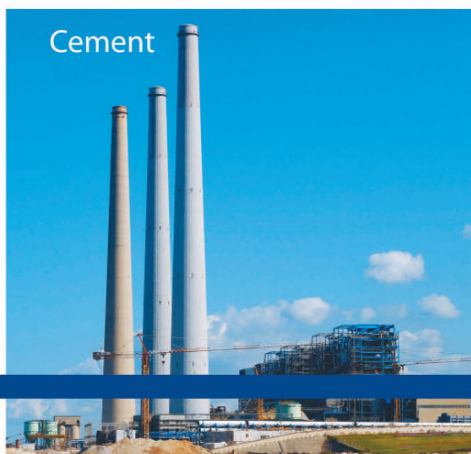
Aircraft Carriers



Fertilizer



Railways



Cement

**13. Segment Information**

The Company is principally engaged in a single business segment viz., welding electrodes and related components. The Company has identified two geographical segments which comprises of Overseas and India. However, overseas segment reporting is not given as the turnover from the said business is less than 10% of the total turnover of the Company. Therefore, segment reporting as per Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable to the Company. Therefore, segment reporting as per Accounting Standard 17 "Segment Reporting".

**14. Related Party Disclosures**

Related Party disclosures, as required by AS-18 "Related Party Disclosures" are given below:-

**Relationship****i) Key management personnel (Whole Time Directors)**

Mr. S.L. Agarwal - Managing Director  
Mr. S.M. Agarwal - Executive Director  
Mr. M.P. Dhanuka - Executive Director (Marketing)  
Mr. Avinash Saraf - Whole Time Director

**ii) Key Management Personnel (Relatives of Directors)**

Mr. G.K. Saraf - Chief Executive Officer  
Mr. O.P. Agarwal - Vice President (Marketing)  
Mr. U. Agarwal - Vice President (Technical)  
Mrs. P. Agarwal - Vice President (Finance)

**iii) Companies where Significant Influence exists (with whom transactions have taken place)**

Anant Business Pvt. Ltd.  
R Shankarlal Sales Pvt. Ltd.  
Vidya Finvest Pvt. Ltd.  
Vitro Commodities Pvt. Ltd.  
Bakshi Chempharma Pvt. Ltd.

The following transactions were carried out with related parties in the ordinary course of business:

	2010-11		2009-10	
	Key management personnel	Companies where significant influence exists	Key management personnel	Companies where significant influence exists
Salaries & Allowances	12,126,669		10,254,513	-
Purchase	-	112,708	-	129,095
Land Purchase	-	-	-	40,000,000
Sales	-	41,904,962	-	37,473,288
Guarantee obtained for working capital of the Company	-	-	140,000,000	-

Note: Related party relationship is as identified by the company and relied upon by the auditors.

**15. a) Information regarding managerial remuneration**

Profit & Loss Account includes managerial remuneration as under:

	2010-11 (₹)	2009-10 (₹)
Salary	6,329,592	5,835,360
Perquisites/Allowances	460,000	738,193
Contribution towards Superannuation/Provident Funds	360,000	414,253
<b>Total</b>	<b>7,583,342</b>	<b>6,987,806</b>

Note: a) The computation of managerial remuneration u/s 198/349 of the Companies Act, 1956 has not been provided as no commission is paid to the Directors.

10. The Company has followed the Accounting Standard on 'Employee Benefits' (AS 15) as amended and the details are as under:-

**Actuarial Assumptions:**

Mortality Rate	As per 1994-96 LIC mortality tables (Std.)
Withdrawal Rate	Actual during last three years
Salary Escalation Rate	4% for each year
Discounting Rate	Present discounting rate at LIC 8%
Gratuity Benefits	As per Company rules

**Gratuity Valuation as per AS-15**

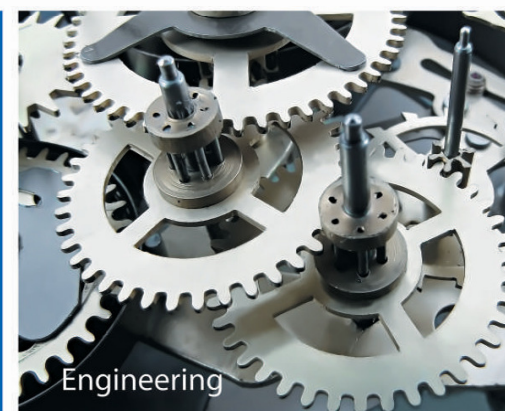
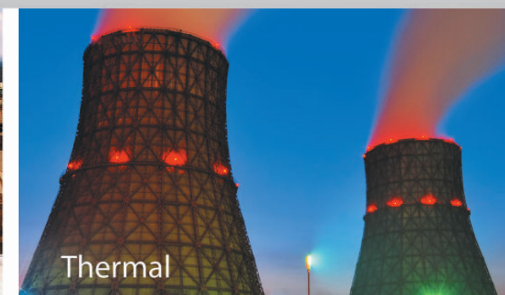
a) Change in Benefit Obligations	₹
Projected benefit obligations at beginning of the period	2,030,704
Current Service Cost	288,445
Contribution by Plan participants	-
Interest Cost	162,456
Benefits Paid	(361,725)
Actuarial (Gain)/loss	122,463
Projected benefit obligations at the end of the period	2,242,343
b) Change in Plan Assets	
Plan assets at the beginning of the period at fair value	2,343,049
Contributions	187,540
Expected return of plan assets	203,951
Actuarial Gain/(loss)	-
Benefits Paid	(361,725)
Plan assets at end of the period at fair value	2,372,815

**11. Earnings per Share**

Basic & Diluted earnings per share	2010-11	2009-10
Profit after taxation as per Profit and Loss account	92,120,458	92,590,993
Weighted average number of equity shares outstanding	23,625,878	23,625,878
Basic earnings per share (Face Value of ₹ 2 each)	3.90	3.92

**12. Composition of net deferred tax liability**

Deferred tax liabilities	As at 1st April, 2010	For the year 2010-11	As at 31st March, 2011
Difference between written down value of block of assets as per Income Tax laws and written down value of the fixed assets as per books of accounts	16,889,569	1,551,055	18,440,624



## DIRECTORS' REPORT

### Dear Shareholders

Your Directors have pleasure in presenting the 50th Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2011.

### Financial Results

Key aspects of your Company's financial performance for the year 2010-11 are tabulated below:

	(₹ in million)	
	2010-2011	2009-2010
Sales (Gross) & Other Income	1589.35	1373.65
Profit before Interest & Depreciation	193.57	169.99
Financial Charges	53.11	22.98
Depreciation	13.91	7.93
Profit before Taxes	126.55	139.09
Payment / Provision for Taxes	34.43	46.50
Profit after Taxes	92.12	92.59
Profit brought forward	130.54	61.24
<b>Appropriation to:</b>		
General Reserve	15.00	15.00
Proposed Dividend	7.08	7.08
Tax on Proposed Dividend	1.20	1.20
Profit carried to Balance Sheet	199.37	130.54

### Dividend

Your Directors have also recommended, for consideration of shareholders at the Annual General Meeting, dividend @ 15% (₹ 0.30/- per share of ₹ 2 each), on 2,36,25,878 equity shares. The Dividend will be paid in compliance with applicable regulations.

### Business Operations

During the year under review, the global economy was regaining economic stability after the recession of 2008. Indian economy in this context performed very well with GDP growth of 9% during the last fiscal 2010-11. GEE financial results demonstrated an overall improvement in turnover compared to previous year with a 15% increase in net revenues, from INR 1286 million in 2009-10 to 1472 million in 2010-11. This was largely on account of better customer relations and deals, improved product developments, greater market share and enhanced capacity base due to proposed expansion plans.

The Company completed capex plans of INR 241.76 million and INR 84.07 million are under progress. The entire capacity expansion plans will be completed by 2011-12. However, due to delay in the stipulated drawdown schedule, the State Bank of India revised the original term loan sanction of INR 330 million to utilized amount of INR 132.5 million. Therefore, to fund the ongoing expansion programme, the Company has availed of new term loan facility of INR 100 million from The Thane Janata Sahakari Bank in April 2011.

The Company had to operate in high-cost marketplace with stiff competition. Inflation emerged as the new global economic challenge impacting all industrial sectors. In this backdrop, steel prices rose to record highs during the second half of last fiscal, putting pressure on overall margins of the Company. The industry witnesses severe competition streaks and thereby, your Company could not pass on the increase in raw material to the end consumer. This in turn affected the bottomline negatively; with a sharp 2% fall in PBT, from INR 139 million in 2009-10 to INR 126 million in 2010-11.

High inflationary pressures have led to tightening of monetary policy eventually leading to liquidity crunches and continuously rising interest costs. Your Company also bore the brunt of high interest rates with a steep increase of 2% in financial charges, in turn adversely affecting net profit margins.

## 2. Notes to Accounts

### 1. Contingent liabilities and commitments

- Guarantees outstanding as on 31st March 2011: ₹ 1,454,913 (31st March 2010: ₹ 3,523,222)
- Foreign LC outstanding as on 31st March 2011: ₹ 8,841,287 (31st March 2010: ₹ 1,673,914)
- Disputed Demands against the Company as on 31st March 2011 (paid under protest and thereby reflecting under Loans and Advances):  
Custom Duty – ₹ 1,500,000 (31st March 2010: ₹ Nil)

### 2. Secured Loan

- Term Loans from Banks are secured by mortgage/hypothecation of related immovable/movable assets of the Company, both present and future.
- Working Capital Loans from Banks are secured by hypothecation of stocks and book debts ranking pari-passu between them as also mortgage/hypothecation of specified immovable and movable fixed assets of the Company ranking pari-passu by way of second charge.
- Vehicle Loans are secured by hypothecation of related vehicles.

Amount of term loan repayable within a period of one year: ₹ 27,683,100

### 3. No amount was due for credit to Investor Education & Protection Fund as at 31st March 2011.

### 4. The amounts due to SSI units as at 31st March 2011 are not outstanding for more than 30 days. The SSI units have been identified by the Company and relied upon by the auditors.

### 5. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been furnished.

### 6. In the opinion of the management, the current assets, loans & advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.

### 7. The Company has received a show cause notice dated 12th May 2010 demanding ₹ 4.02 Cr. of CENVAT credit on certain imported material, imported in the year 2008-09. Under the instructions from excise authorities the Company has already reversed under protest CENVAT credit of ₹ 3.09 Cr in the earlier year. Pending disposal of the case a sum of ₹ 2.1 Cr. reversed under protest is shown under "Claims against the excise authorities" under the head loans and advances. The company has replied the show cause notice and based on the legal opinion is hopeful of favourable order as the matter is one of interpretation of law.

### 8. Details of audit fees paid during the year:

Audit Fees – INR 175,000

Tax Audit Fees – INR 30,000

Certification & other Fees – INR 10,000

### 9. Unhedged Foreign Exchange Exposure:

Details of Foreign Currency balances not hedged:

Particulars	Foreign Currency Denomination	2010-11		2009-10	
		Foreign Currency Amount	Indian Rupee (equivalent in lacs)	Foreign Currency Amount	Indian Rupee (equivalent in lacs)
Assets (Sundry Debtors)	USD	1,039,498	468.45	348,334.63	157.26
Assets (Advance to Sundry Creditors)	EUR	4,030.54	2.55	-	-
	USD	95,932	42.83	68,703.60	30.80
Assets (Bank Balance)	USD	0.74	33.04	3,937.19	175,691.38
	AED	12,215.20	148,681.96	236.80	2,903.10
Liabilities (Sundry Creditors)	EUR	-	-	10,674	6.46

**Revenue Recognition**

- a) Revenue from sale of products is recognized on dispatch or appropriation of goods in accordance with the terms of sale and is net of sales tax/Vat and applicable discounts.
- b) Materials returned/rejected are accounted for in the year of return/rejection.
- c) Export entitlements and other Government grants, if any recognized in the accounts on receipt after the consideration of certainty of their receipt.
- d) Derivative transactions are considered as off Balance Sheet items and cash flows arising there from are recognized in the accounts on their respective settlement as per terms of contract.
- e) Dividend income is recognized when the right to receive the dividend is established.

**Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**Employee Benefits**

- a) Short term employee benefit obligations are estimated and provided for.
- b) Post employment benefits and other long term employee benefits:

Defined Contribution plans:

Company's contribution to Provident fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to revenue.

Defined Benefit plans:

Company's liability towards gratuity and other retirement benefits are actuarially determined at each balance sheet date and provided with Life Insurance Corporation of India.

**Taxes, Duties, etc.**

Excise duty has been accounted for in respect of goods cleared and provision has also been made for goods lying in stock at the year-end. This accounting treatment has no impact on the profit for the year.

**Taxation**

Provision for taxation is made on the basis of estimated taxable income for current accounting year in accordance with Income Tax Act, 1961.

Deferred Tax is recognized on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.

**Earnings per Share**

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for stock splits.

**Provisions and Contingent Liabilities**

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The highlights and details are discussed under the Management Discussion and Analysis attached as Annexure - D to this report. We are gearing up for the next phase of growth with an enhanced capacity base and a wider array of products to serve the increasing demands and maximise consumer satisfaction.

**Diversification Projects**

Your Company is still conservative in its approach towards development of IT Park at the Wagle Estate land. As and when the commercial sector prospects improve, the Company would restart the venture.

**Energy, Technology & Foreign Exchange**

A statement giving details of conservation of energy, technology absorption and foreign exchange earning and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto in Annexure-A.

**Fixed Deposits**

The Company has neither accepted nor renewed any Fixed Deposit from public during the year and as on 31st March 2011, there were no outstanding deposits.

**CORPORATE MATTERS****Corporate Governance**

The Company has complied with the Corporate Governance code as stipulated under the listing agreement executed with the Stock Exchange. A separate section on Corporate Governance along with a certificate from the auditors of the Company confirming the compliance is annexed and forms part of this Report.

**Directors**

The respected Directors Mr. Sujit Sen, Director and Mr. K. M. Panthaki, Director, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The necessary resolutions are being placed before the shareholders for approval.

Mr. Avinash Saraf, Wholtime Director, has resigned from the Directorship w.e.f. 31.03.2011 owing to personal reasons and Mr. G. K. Saraf has been appointed as Executive Director w.e.f. 01.04.2011.

**DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.****Your Directors hereby confirm that:**

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

**Internal Control System and Adequacy**

Your Company maintains an adequate system of internal control including a suitable monitoring process. For the purpose of financial control, the Company is adequately staffed with experienced and qualified personnel at all levels and plays an important role in implementing and monitoring the statutory and internal policy control.

The internal audit department regularly conducts reviews to assess financial and operating controls at various locations of your Company. Any significant issue is brought to the notice of the Audit Committee.

**Auditors**

M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Company has received certificates from them that their appointment will be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956. The necessary resolution is being placed before the shareholders for approval.

**Employees**

For and on behalf of the Board

There were no employees drawing remuneration in excess of ceiling(s) prescribed under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

**Acknowledgement**

Your Directors also wish to appreciate the dedication and commitment displayed by employees at all levels and also express their sincere thanks and appreciation to Financial Institutions, Banks and Shareholders, the State and Central Government, customers, dealers and suppliers for their continued support and co-operation.

Place : Thane  
Date : May 30, 2011

S. L. AGARWAL  
Managing Director

S. M. AGARWAL  
Executive Director

## Schedule 22 - Significant Accounting Policies & Notes to the Accounts

### 1. Significant Accounting Policies

#### Accounting Convention

The financial statements are prepared under historical cost convention on the accrual basis of accounting in accordance with the generally accepted principles in India and provisions of the Companies Act, 1956 read with the Companies (Accounting Standard) Rules, 2006 except so far as they relate to insurance claims which are accounted on acceptance or certainty of recovery.

#### Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balance of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

#### Fixed Assets and Depreciation

Fixed assets are stated at the cost of acquisition except certain items, which have been shown at revalued amount. Direct costs are capitalized until assets are ready to be put to use and are stated net of modvat / cenvat.

Advances paid towards acquisition of fixed assets and the cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

In compliance with Accounting Standard (AS) 28 – "Impairment of Assets", the Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

Assets are depreciated / amortised, as below, on straight line basis:

- Depreciation on leasehold land is provided upto 31.3.1994. No depreciation has been charged on leasehold land in subsequent years.
- Leasehold land, buildings and plant & machinery subject to revaluation, is calculated on the respective revalued amounts, over the balance useful life as determined by the valuation experts.
- Assets acquired upto 31-3-1987, at the rates specified in the Income Tax Rules prevalent in the respective years. Buildings, plant & machinery and other assets, acquired after 1.4.1987, at the rates specified in Schedule XIV to the Companies Act, 1956.
- Depreciation is charged on a proportionate basis for all assets purchased and sold during the period. Individual assets costing less than ₹ 5,000 are depreciated in full in the period of purchase.

#### Investments

Long term investments are stated at cost less provision for diminution other than temporary, if any. Current investments are valued at lower of cost and market value.

#### Inventories

Inventories are valued at lower of cost and net realisable value, cost being ascertained on the following basis:

- Raw materials, stores, spares, consumable tools and components: on First in First out (FIFO) formula.
- Work-in-process, finished / trading goods include cost of conversion and other costs incurred in bringing the inventories to their present location and conditions.
- Cost includes taxes and duties and is net of credits under Cenvat / VAT.

#### Foreign Currency Transactions

Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at year end rates. Exchange differences arising on the settlement of transactions and translation of monetary items are recognized as income or expense.

## Schedules Annexed To And Forming Part Of The Financial Statements

	In Rupees As on 31st March 2011	In Rupees As on 31st March 2010
<b>Schedule 18</b> <b>MANUFACTURING EXPENSES</b>		
Approval and Testing Expenses	6,880,160	5,919,305
Power & Fuel	28,654,242	26,360,246
Factory Expenses	16,304,012	9,942,077
Contractual Labour Charges	19,137,509	18,004,309
Insurance	698,212	838,667
	<b>71,674,134</b>	<b>61,064,604</b>
<b>Schedule 19</b> <b>PAYMENT TO &amp; PROVISION FOR EMPLOYEES</b>		
Salaries, Wages, Allowances & Bonus	34,577,209	28,726,327
Contribution to Provident & other Funds	2,056,694	2,048,608
Contribution to Group Gratuity Fund	213,249	1,133,009
Workmen and Staff Welfare	1,518,469	2,717,438
	<b>38,365,621</b>	<b>34,625,382</b>
<b>Schedule 20</b> <b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Auditors Remuneration	302,145	207,303
Carriage Outwards	26,597,377	22,351,887
Donations	261,000	324,710
Administrative Expenses	1,300,917	1,449,357
Bad Debts	402,602	834,476
Legal & Professional charges	12,505,077	19,264,550
Commission	1,305,690	1,788,864
Advertisement & Publicity	381,486	2,804,360
Marketing Expenses	8,046,474	8,164,956
Miscellaneous Expenses	4,969,246	4,692,496
Rent	269,830	155,240
Vehicle Running & Maintenance expenses	5,420,577	3,973,794
Printing & Stationery	4,855,363	3,813,583
Postage & Courier Expenses	1,328,123	1,287,036
Rates and Taxes	132,813	447,000
Repairs and Maintenance		
Plant & Machinery	1,163,850	2,759,235
Building	1,381,771	1,223,511
Office	297,009	55,200
Others	299,886	456,486
Sales Promotion Expenses	4,486,740	6,205,394
Telephone Expenses	2,893,523	2,880,716
Travelling and Conveyance	14,225,534	14,098,563
Loss on sale of Assets	312,229	825,926
	<b>93,139,263</b>	<b>100,064,643</b>
<b>Schedule 21</b> <b>FINANCE CHARGES</b>		
Interest		
On Term Loans	25,980,533	3,782,614
Others	24,026,288	15,684,616
Bank & L/C charges	3,100,761	3,508,234
	<b>53,107,583</b>	<b>22,975,464</b>

## Annexure A to the Directors' Report

(Additional Information in terms of Notification No.1029 of 16.12.1988 issued by the Department of Company Affairs)

### [A] Conservation of Energy

The disclosure of conservation of energy has not been provided as the Company is not covered under the list of specified industries under the Disclosure of Particulars in the Report of Board of Directors Rules, 1988. However, required conservation measures mentioned below are undertaken by the Company:

- Fuel consumption in DG sets was reduced by using automatic change-over and APFC panels.
- Introduction of AC Induction Motors in place of DC Motors.
- ETP/STP installations enabled use of recycled water.
- Blowers and cooling fans in equipment re-wired to run only when PDN equipment is in use.
- Introduction of gas fired heating system in replacement of static oven heaters.

### [B] TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

Efforts made towards technology absorption and R&D is given as per Form-B annexed herewith.

### [C] FOREIGN EXCHANGE EARNINGS & OUTGO

Details of earnings and outgo of foreign exchange are given in Schedule 22, Notes to the Accounts. The Company continues to strive to improve its export earnings.

## FORM B

(See Rule-2)

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

#### [A] RESEARCH & DEVELOPMENT (R&D)

##### 1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY:

Improvement / Technology upgradation of the Company's existing products and Research and Development of alternate raw material with a view to improve quality, minimize imports and to reduce costs. A new spectrometer was added to enhance the quality standards across all product ranges.

##### 2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D :

- Wider range of electrodes, enhanced value equation and greater customer satisfaction.

##### 3. FUTURE PLAN OF ACTION:

- The Company intends to pursue technology innovation, renewed up-gradation in its product range consistently to enhance consumer service and reduce costs at all levels.

##### 4. EXPENDITURE ON R&D

	2010-2011	(₹ in million) 2009-2010
a) Capital	--	--
b) Recurring	--	--
c) Total	--	--
d) Total R&D expenditure as a percentage of total turnover	--	--