AREVA

AREVA T&D INDIA

LEADERSHIP THROUGH TECHNOLOGY

ANNUAL REPORT 2010

AREVA T&D India
Key Events 2010

On April 24, 2010, India's first fully localised 765 kV Ultra High VoltageTransformer manufactured by AREVA T&D India was unveiled by the Hon'ble Gujarat Chief Minister, Shri Narendra Modi.

On July 3, 2010, Terminal T3 of the Indira Gandhi International Airport in New Delhi, the world's 8th largest International Airport Terminal, was inaugurated by the Hon'ble Prime Minister of India, Shri Manmohan Singh. AREVA T&D India is proud to have contributed to this world class project with its advanced MRSS Package.

On March 2010, Haryana's first 400 kV AIS substation, developed by AREVA T&D India, was inaugurated by Hon'ble Chief Minister Shri. Bhupinder Singh Hooda.

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BOARD OF DIRECTORS

T.S. Vishwanath, Chairman (non–executive) [1]

Dr. Ajay Dua, Chairman (non-executive) [2]

Rathindra Nath Basu, Managing Director

Michel Augonnet

Anil Chaudhry [1]

Vinod Kumar Dhall [1]

Pierre Laporte

Arthur de Montalembert [3]

C.M.A. Nayar [4]

Michel Serra [1]

Alexandre Tagger [1]

Karim Vissandjee [2]

Arvind Pachauri [1,4&5] (Alternate Director to Pierre Laporte)

[1] w.e.f. 04.02.2011
[2] upto 04.02.2011
[3] upto 06.06.2010
[4] upto 25.2.2011
[5] w.e.f. 25.02.2011

COMPANY SECRETARY

C.S. Ashok Kumar

REGISTERED OFFICE

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

REGISTRARS & SHARE TRANSFER AGENT

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

AUDITORS

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

COMMITTEES OF DIRECTORS

SHARE TRANSFER AND SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

T.S. Vishwanath, Chairman [1]

Dr. Ajay Dua, Chairman [2]

Rathindra Nath Basu

Vinod Kumar Dhall [1]

Karim Vissandjee [2]

[1] w.e.f. 04.02.2011
[2] upto 04.02.2011

AUDIT COMMITTEE

T.S. Vishwanath, Chairman [1]

Dr. Ajay Dua, Chairman [2]

Vinod Kumar Dhall [1]

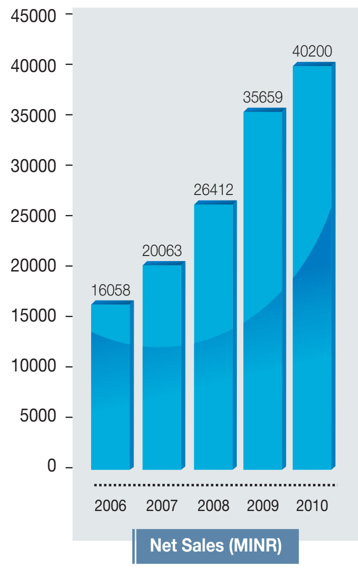
C.M.A. Nayar [3]

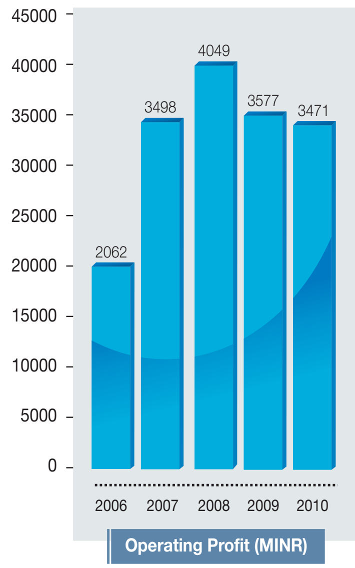
Pierre Laporte

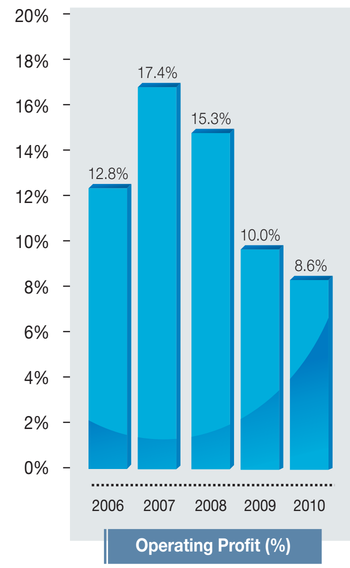
Karim Vissandjee [2]

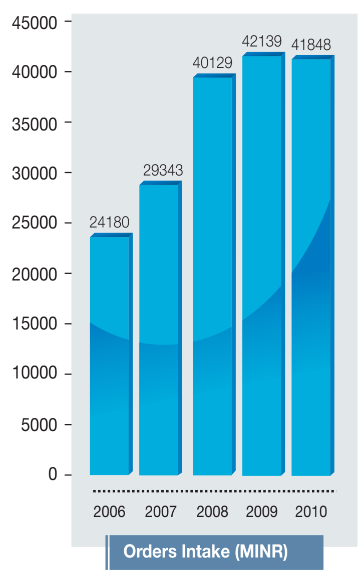
[1] w.e.f. 04.02.2011
[2] upto 04.02.2011
[3] upto 25.02.2011

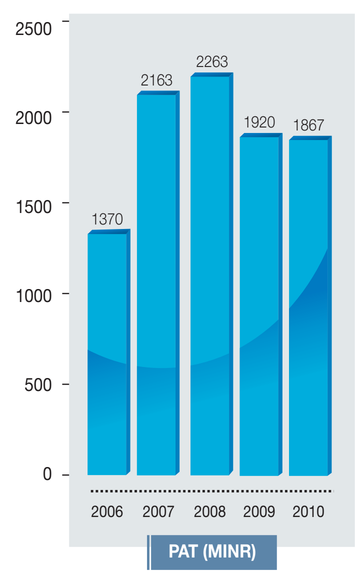
Financial Highlights

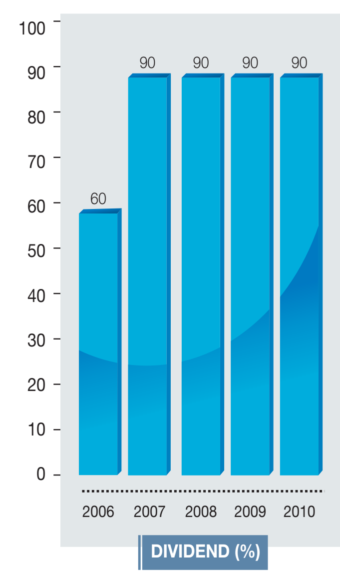












Directors' Report

Your Directors take pleasure in presenting herewith the Fifty-fifth Annual Report and Audited Accounts for the year ended December 31, 2010.

FINANCIAL RESULTS

(Rupees Thousands)

	Year ended 31.12.2010	Year ended 31.12.2009
Sales and Services (Net)	40,200,358	35,658,766
Operating Profit before interest	3,471,235	3,576,638
(As percentage of net sales)	9.0%	10.0%
Interest, net	655,011	578,598
Operating Profit after Interest	2,816,224	2,998,040
Restructuring and relocation costs	-	(83,286)
Profit on Sale of Property	-	15,500
Profit Before Tax	2,816,224	2,930,254
Taxation	(948,811)	(1,010,228)
Profit After Tax	1,867,413	1,920,026
Balance brought forward from previous year	5,518,405	4,293,913
Profit available for appropriations	7,385,818	6,213,939
Appropriations		
Proposed Dividend	430,387	430,387
Corporate Dividend Tax	71,482	73,144
General Reserve	187,000	192,003
Balance carried forward	6,696,949	5,518,405

Dividend

Your Directors take pleasure in recommending a dividend of 90% (Rs.1.80 per share) for the year ended December 31, 2010. This will absorb Rs. 502 million (inclusive of tax) based on existing capital.

India's first, fully localised has been 765 kV Transformer designed, manufactured and tested at AREVA T&D India's Power Transformer factory at Vadodara. This will be installed at Lanco Infratech's 1200 MW (2 Units of 600 MW) Anpara-C Thermal Power Plant in Uttar Pradesh.

Performance Review

The global financial crisis hit the market in 2008 impacting growth worldwide, including India. The industry and infrastructure sectors of the economy continued to be adversely impacted in 2010, as in 2009. To add to it, the Utility segment of the market was also impacted due to delay in power plant execution at customers' end, as well as delay in land acquisition and securing coal linkages. As a result, the T&D market in India shrank in 2010.

Despite such adverse market conditions, your Company fared well in securing a good level of orders in 2010, with orders in hand up by 2%, over 2009. Order intake in 2010 was marginally lower by 1% than what your Company achieved in 2009. During 2010, your Company won several orders with new customers as well as in new market segments and maintained market leadership, in T&D domain, for the third year in succession.

Delivering sales in 2010 was not easy as some of the orders won in late 2008 as well as in 2009, were delayed at customers' end due to non availability of land or lack of coal / fuel linkages. Consistent follow-up, supported by other mitigation efforts, led to improvement in sales in the second semester of 2010. Overall sales in 2010 were up by 12.7%, over 2009, mainly due to ramp-up of sales from the new green-field manufacturing sites, as well as improved execution of contracts.

The operating profit and profit after tax were lower by 3% due to impact of severe price fall and ramp up cost of the three green-field sites, which came into production in late 2009 and early 2010.

Transmission & Distribution

Transmission

AREVA T&D India made significant progress in the EHV 765 kV segment of the market by localizing all its products. World class factories set up in three green-field sites at Vadodara, Padappai (Chennai) and Hosur started production for 765 kV and other kV class of product ranges in 2010. In April 2010 India's first indigenously developed 1000 MVA, 765 kV class UHV Inter-connecting transformer was manufactured and tested at the Vadodara factory. This was subsequently commissioned at Lanco's Anpara C Power Plant in February 2011. You would recall that AREVA T&D India had already localized the EHV 765 kV range of Circuit breakers and Instrument transformers, while executing India's 1st 765 kV Substation at NTPC's Sipat site in 2006-07.

Your Company, thus, continued its strong leadership position in the EHV 765 kV domain by winning 12 out of 21 Substations ordered in the Country till December 2010.

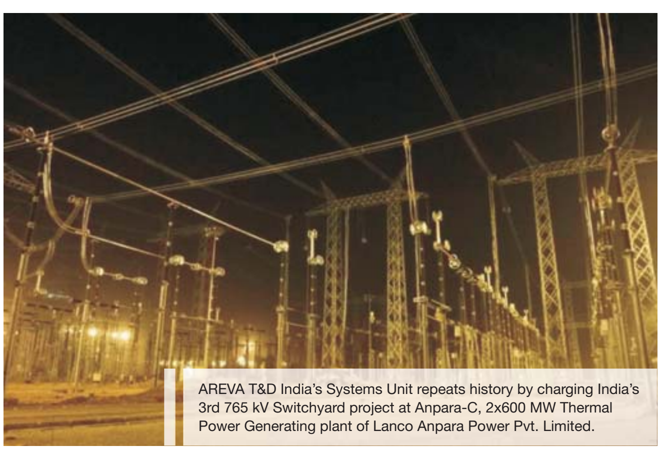
Power Transformers business received several major orders, such as ;

- 765 kV Transformers for UPPCL, Anpara D
- 330 MVA/ 400 kV Power Transformers for India Bulls
- 500 MVA / 400 kV Transformers for Power Grid
- 125 MVAR Shunt Reactors for Power Grid
- 400 kV Power Transformers for Vadodara Vidyut
- Furnace Transformers for Monnet Ispat
- 370 MVA Transformers for CESC/ Dhariwal
- 475 MVA Transformers for GVK

High Voltage Test Kits (testing upto 400 kV GIS) commissioned at Padappai site.

During this year your Company's Circuit Breaker (CBR), Gas Insulated Substation (GIS), Instrument Transformer (ITR) and Disconnector businesses received several major orders, such as :

- Sasan Ultra Mega for Reliance Power (for 765 kV CBR/ DSC)
- Parabati Hydro III for BHEL (for GIS)
- Anpara C for UPPCL (for 765 kV CBR, ITR & DSC)
- 400 kV Kondapally for LANCO (for GIS)
- Sasaram 765 kV Transformers for Power Grid (for CBR, ITR and DSC)



AREVA T&D India's Systems Unit repeats history by charging India's 3rd 765 kV Switchyard project at Anpara-C, 2x600 MW Thermal Power Generating plant of Lanco Anpara Power Pvt. Limited.

Your Company launched the Disconnector business in 2009-10 and had a start up in 2010 by winning several Disconnector orders for 765 kV and 400 kV. The new world class Disconnector factory at Padappai, ramped up its production line in the first semester of 2010 as per schedule.

During 2010, your Company's world class GIS factory, India's first local manufacturing facility, started production activity at Padappai, near Chennai. More than 18 engineers/ technicians were trained in European factories to master the technology and production processes, so as to accelerate localization of this high technology product. As India is likely to install more and more GIS systems (which have smaller footprint, about 20% of a typical AIS substation and therefore an ideal solution for substations around cities with high land prices), your Company expects to achieve early leadership in this domain.

Systems business also made good progress by acquiring several new clients and new line of business. Some of the major orders received were :

- 765 kV Turnkey Substation for UPPCL Anpara D
- 765 kV Turnkey Substation for Power Grid at Sasaram
- 400 kV Turnkey Substation for Power Grid at Jatpur
- 132 kV Turnkey Substation for Power Grid at North East
- Several Substation packages for MSETCL (multiple sites)
- Smelter Electrical package for Hindalco
- 400 kV Substation for Essar
- 400 kV Substation for Prakash Industries
- 400 kV Substation for Shandong Electric for GMR Kamalaganga
- eBoP (Electrical Balance of Plant) for GMR for Warora 2x300 MW
- eBoP (Electrical Balance of Plant) for Essar for Tori 2x600 MW & Paradeep
- eBoP (Electrical Balance of Plant) for L&T for Visa Power 2x600 MW

The Main Receiving Substation (MRSS) designed and supplied by AREVA T&D India for power supply to the new Terminal T3 of Indira Gandhi International Airport at New Delhi.

Your Company made significant progress in the emerging eBoP activity in 2010 by winning several large contracts and achieving market leadership.

During the year, your Company commissioned the prestigious 66 kV Power Distribution package for GMR for Terminal 3 of Delhi International Airport. Your Company is also executing a similar type of Contract for Chennai Airport, which comprises a Power Distribution package with 110 kV GIS Substation. This is to be commissioned in 2011. With these two systems, your Company has established itself in a leading position in the emerging Airport infrastructure segment.

Your Company also commissioned 12 Substations in Kenya and 4 Substations in Qatar.

A 400 kV GIS Substation at Kondapally for Lanco Infratech, was also commissioned during the year.

Several 400 kV Substations were also commissioned for Power Grid Corporation at Rourkela, Raigarh, Raipur, Hissar, Ludhiana and Amritsar.

During the year, several Substations were commissioned for various customers across the country such as 400 kV in Hissar for HVPNL, 220 kV for ESSAR Oil at Vadinar Phase 1, 400 kV at Angul for JSPL, 220 kV at Subhasgram for WBSEB as well as several 132 kV Substations for WBSEB, JSEB, CSEB, Bengal Energy and Power Grid.

Network Management Systems (NMS)

During the year, your Company won major orders from Jharkhand State Load Despatch Center, Tata Power SCADA Systems at Bhira/ Bhivpuri and Maintenance Contract from Power Grid for Eastern Region Control Centers. Your Company improved its market share in the Telecom activity by doubling its order intake, over 2009. Key orders for supply of telecom equipment were booked from State Utilities and EPC contractors.

Major Projects delivered consisted of PTCUL Load Despatch Center and Supply of Dispatcher Training Simulator for the Power System Training Institute (PSTI). The NMS business also successfully handed over the Meghalaya's DMS System to the customer (MeECL).

The AREVA Automation Technical Day during June, 2010, was a major success, with participation of over 90 representatives from various utilities and private customers.

Dispatcher Training Simulator System commissioned at Power System Training Institute (PSTI) Bengaluru.

On November 10, 2010, the Technical Training Institute at Padappai was inaugurated by Henri Poupart- Lafarge, CEO & President, Alstom Grid.With this new centre, our customers will be able to access sophisticated and innovative training modules, within India.

Substation Automation Systems (Transmission Business)

Substation Automation Solution (SAS) Business Unit continues to retain its leadership position in the Indian market. 2010 was a strong year with good growth in orders vis-a-vis 2009.

Your Company received orders for Substation Automation for 16 Nos of Substations of Power Grid from several EPC Contractors. Your Company also received order for Substation Automation for UPPTCL Unnao 765 kV Substation from EPC Contractor. The Substation Automation Unit has also achieved significant success in IPP's, Central & State utilities. It won a prestigious order to retrofit various 220 kV and 132 kV Substations of RRVPNL with its latest protection technology. In addition, the Unit also received Substation Automation orders from Power Grid for Sasaram 765 kV and UPPCL for Anpara D Substation through the Company's Systems business.

The Protection Products business from various Channels and OEM's grew, thus reinforcing our customers' preference for the MiCOM range. Your Company also continued to enjoy the confidence of BHEL, winning major orders for Protection Products and SAS Systems.

Your Company delivered several SAS solutions during the year. Some of the major projects delivered were Power Grid (Balia & Lucknow), MSETCL (12 Substations), DTL Mundka 400 kV, Power Grid Pirhana 400 kV, Namrup and North Chennai for BHEL etc.

During the year, your Company significantly increased the production capacity of its Protection Panel line.

Services for Transmission Business

Service business continued, in 2010, to provide to customers single point support for various Transmission products through the product life cycle. The portfolio included all service support the customer would need with the product, such as E&C supervision services, warranty support, technical training, maintenance including long term contracts, repair and overhauling, technical consulting, retrofit and spares. An extensive network of service engineers is deployed across the country to quickly respond to customers' calls.

The Service business's goal is to be a clear differentiator in the market place and to become the preferred partner of T&D customers. Its business focus is to support T&D customers with its offerings, and to maximize their asset value throughout the product life cycle.

The GIS service team, setup for the GIS factory at Padappai, started with their first project at Bhavini site in this year. 2 High Voltage Test Kits were purchased and commissioned in the year. These are being used for site testing of GIS substations up to 400 kV. Your Company is the first in the country to have invested in such advance test facilities.

Among the key orders won by Service in 2010 is a contract for 5 years Operation and Maintenance of the main 66 kV Substation at the new Terminal 3 of Delhi International Airport. This Substation was built by AREVA T&D India's Systems business group and Service took over the 24x7 services from the first day of its operationalisation.

Michel Crochon, Executive Vice President, Schneider Energy and his team visited the Automation Facility at Noida.

Distribution Business

The three businesses namely Power Distribution (PDS), Secondary Distribution (SDS) and Distribution Transformers (DTR) launched their world class manufacturing facilities at Vadodara green-field sites mainly to expand the manufacturing capacities and to introduce new products. The ramp up of the manufacturing facilities contributed to the sales growth of the distribution businesses in 2010.

The Proximity arm of Systems Business (which focuses on turnkey solutions for Distribution Substations and on small sized industrial projects), won orders for Turnkey Substation from Bajaj Hindustan, eBOP for 4x15MW Biomass based power plants at Fazilka, Nakodar & Kanpur, and a Power Distribution package at Azure for 5 MW solar power. With these projects, your Company also expanded its reach to the renewable sector, which is expected to be a high growth area. The Proximity Solutions business also delivered several Switchyard projects during the year, which include Shri Prabhulingeshwar Power Gen, Vayunandan Power and 33/11 kV Substation for Adani Group.

In the Distribution product range, Medium Voltage Switchgears, Distribution Transformers & Substation Automation for Distribution segment expanded their business volume. The Distribution Transformers business won a large order from Enercon for Slim Transformers, which are used for wind-mill applications and special light weight transformers. AREVA T&D India is a technology leader in these type of transformers. Your Company's PDS business won large orders from Jindal Steel and Lanco for supply of medium voltage switchgears. The Ecofit workshop at Vadodara plant which was inaugurated in 2009, continued to produce quality products and won several orders during the year.

Distribution business also remained focused in life cycle management of products supplied to the customers. Key orders won in 2010 include supply of spares and overhauling of 50 year old MV Switchgear (70 nos.) which were relocated from Germany to India by our customer. The project involves support, technical training, maintenance including long term contracts, repair and overhauling, ecofit (retrofit) and supply of spares.

AREVA T&D India continues to be committed to servicing the products supplied to customer, through the product life cycle.

Substation Automation Systems (Distribution Business)

Automation Business Unit had a good year and maintained its leadership position in the Indian Substation Automation market, winning key orders such as :

- Power management system for IOCL's greenfield refinery at Paradip. A PACIS solution with latest technology was offered for fast load shedding application, as part of Power Management System on fibre optic network compliant to IED 61850 standards. This solution will also help the customer for efficient monitoring and control of overall electrical network of Paradip refinery.

In addition, the Substation Automation Business Unit also achieved significant success with orders in the private sector, industry and utility segments.

Research and Development

Research and Development is an important element of your Company's leadership strategy. Your Company continues to invest in several R&D programmes, including redesign to cost, across all product categories. AREVA T&D India also benefits from the global R&D efforts of the mother Company which operates across various countries. This helps in shorter lead time to launch latest products catering to customer requirements. AREVA T&D India has opened a global R&D center in Vadodara, in addition to its existing global R&D centre at Hosur, to provide appropriate technology to the market place.

Corporate Social Responsibility (CSR)

In pursuit of its Sustainable Development goals, your Company is committed to Corporate Social Responsibility (CSR). Business Units of your Company provide pro-active support for local projects of social and cultural interest, with continued active participation from the employees. The Units of the Company are committed to develop harmonious relations with the stakeholders. These include long term projects, which are initiated with the financial and organization support from AREVA Foundation. (The Foundation is an extension of the initiative undertaken in the past several years to optimize, promote and draw attention to the patronage programs of the AREVA group). Here is a review of some of our CSR initiatives:

Support for social and cultural development :

The Units of your Company support local initiatives for development and social-cultural integration, for example :

- Automation Pallavaram Unit organised a health awareness camp for 400 participants comprising of Unit employees and their family members.
- National safety week was celebrated at all the Units of AREVA T&D India with training on accident prevention, housekeeping, PPE demonstration, safety quiz, etc.

Community Involvement

- RMK Hosur Unit conducted a free eye camp at Hosur in association with Narayana Netralaya Bangalore. Eye check up was conducted for 462 people out of which 206 people were offered free spectacles. Eye surgeries were also conducted on 51 people.
- Padappai Unit organised Blood donation camp in association with Apollo Hospitals during which 69 employees donated blood.

Educational Outreach:

The Units of the Company organise special initiatives for students and educational establishments, for example :

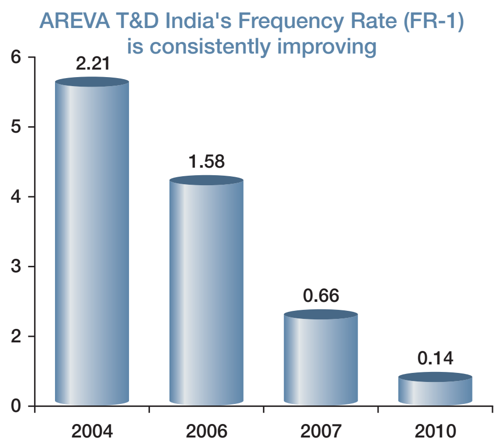
- Padappai Unit supported the infrastructure development of Salamangalam Village public school with construction of toilet facility for girl students and also provided lighting and fans to all class rooms.

Environment Health and Safety (EHS)

Your Company made significant efforts in improving the EHS culture across all lines of Business. There has been reduction in green house gas emission, waste control and paper consumption. The accident frequency rate "FR-1" has improved over the years. Your Company made good progress in "Health and Safety" awareness, in implementation of EHS Standards, Operation Instructions and Statutory compliances. The level of compliance has also improved as EHS becomes an integral part of your Company's everyday work culture.

Your Company's EHS initiatives, methods and processes at customer project sites have been appreciated by several customers such as NTPC, Tata Motors, ECI Engineering, etc. Some of the factories such as the Transformer Unit at Naini won "Greentech Golden Safety Award" for second consecutive year as well as the "Commendation Safety Award 2010".

Gyanendra Kumar, site EHS Head, Naini Unit receiving the Greentech Safety Gold Award, 2010 from Mr. Kamaleshwar Sharan, President - Greentech Foundation, India and Mr. G.M.E.K. Raj - Deputy Director General, Factory Advice Service & Labour Institute, Govt. of India.



EHS Initiatives

All Units of your Company comply with essential environmental requirements. There has been a considerable reduction in Water and Energy consumption. Air emissions, Greenhouse gas emissions, Liquid effluents and Conventional waste generation also showed reduction in 2010. All new Units are 100 % asbestos free. Health awareness camps were organized at Pallavaram and Hosur. Employment medical checkup for all employees and health checks for specific employees who work at height and in confined space were initiated.

In 2010, eight Business Units accomplished more than one million man-hours of work without any lost time injury while eleven Units achieved zero FR-1. Mock drills such as fire fighting, emergency evacuation, electric shock treatment, chemical spillage and other emergencies are frequently performed across all the manufacturing and project sites. EHS reporting tools and event database are used to record all accidents and near-misses. Use of seat belts in cars and helmets on two wheelers have been made compulsory for all AREVA T&D India employees at all locations.

External awards received by AREVA T&D India for good EHS performance includes:

- GREENTECH Foundation (of USA) Safety Award 2010 was delivered to AREVA T&D India Naini Works by Director General Factory Advice Service & Labour Institute, Govt. of India.
- Appreciation letter and awards were received from many customers like NTPC, ECI Engineering, Tata Motors, etc for following and practicing good EHS techniques at the customers' project sites.

Green Initiatives

Mr. T. Sankaralingam, MD-BGR Energy (Former Chairman - NTPC) at the AREVA T&D India SDCI Conference, 2010.

Sustainable Development & Continuous Improvement (SDCI)

During the year under review, the Company's units continued to progress with the implementation of the global sustainable development (SD) model "AREVA WAY", with enhanced involvement of employees. The sustainable development concept recognizes the interdependence of economic, environmental and social systems as well as the performance factors.

Several AREVA T&D India Units like HVM Padappai, PDS (Salt Lake and Vadodara Units), Hosur and Padappai were certified for Integrated Management Systems (ISO 9001, ISO 14001 & OHSAS 18001).

Automation Pallavaram Unit shifted 3 Lean Lines from HA Local to HA Midos, resulting in a capacity increase of 30% in HA Midos. 28 more Lean 6 sigma projects aimed at operational performance improvement were successfully completed and certified. Automation Unit achieved 99% FTPR set by Automation Center of Excellence (COE), resulting in elimination of additional Inspection and Logistics in SMS Unit and reduction of lead time by 38% for our UK customers.

PTI Naini Unit successfully implemented AREVA Production System (APS) Project in the NPT Shop. This has resulted in lead time reduction of NPT transformer line by 40% and has improved MVA output of the production line by 20%. The concept of Sustainable Development was introduced to all sections of employees at the Naini Site. About 60 employees were trained on various processes.

For the first time, PDS Unit introduced Neoprene Gaskets in AIS Panels, as per IS11149, resulting in enhanced IP54 protection. These were also successfully introduced in several projects . With the introduction of Trivalent Chromium, PDS unit also eliminated the usage of hazardous hexavalent chromium in all types of plating and powder coating processes.

The SDCI Conference, held on 18th & 19th February 2010, provided a platform for networking and sharing best practices among the SDCI Community of AREVA T&D India.

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

Recruitment and Retention of Talent

2010 was an year full of challenges both on recruitment and retention.

Our Recruitment Team successfully brought on Board 500+ Engineers, Managers and Professionals, especially for green-field sites like GIS at Padappai, Instrument Transformers at Hosur as well as for Primary and Secondary Distribution businesses at Vadodara. Your Company also inducted a significant number of professionals in Systems and Automation businesses. In addition, 200+ workmen and trainees also joined our Company during the year. Your Company continued to promote the AREVA Strategic Talent Acquisition Programme for employee referrals, to attract new talent to the organization.

Your Company made efforts to keep the employees engaged during this phase of transition by launching a "Recognition and Reward" (R&R) scheme, so as to strengthen the motivation levels. Several engagement activities were also promoted. Country Integration Program were conducted for new recruits. Regular communication meetings organized at unit levels helped retention of talent in a year of transition.

Participants of the 2010 Fast Track Business Management Programme at IIM Bangalore, with Rathin Basu, Country President & Managing Director - AREVA T&D India, 180 high potential managers have already been nominated to this programme, since its inception in 2004.

Training and Development

During the year, as in the past, need based training programmes were organized towards development of competencies and building a leadership pipeline in the organization. An average of 4 man-days of training was maintained per employee for professionals/ engineers and managers during this year. 22 Young Managers attended Fast Track Business Management Course at IIM, Bangalore. Till date, 147 Young Managers have undergone this 'customized to company need' training, aimed at creating leadership talent pool. Based on 360 degree feedback, the Corporate programme was launched for Senior Executives with training on Strategic Thinking and Leadership. This was conducted in April, 2010 at the Indian School of Business (ISB), Hyderabad. In addition, 28 Diploma Engineers were enrolled to participate in the AREVA Continuing Education programme at IIT Campus in Chennai; Project Management Fundamentals and Contract Management Programs were conducted for identified professionals in Systems and Sales. HR Managers were trained in a new global tool - Personality and Preference Inventory (PAPI) for talent acquisition.

In order to enhance engagement and motivation levels amongst operatives and supervisors at the manufacturing sites, "Let Us Talk" project was launched. For this mission, HR Managers were specifically trained by an international faculty to roll out training to all Line Managers to effectively deploy and administer performance and development oriented dialogues with employees and for supervisors.

Information Systems and Technology

Your Company continued to invest in Information Systems and Technology to enhance business performance and improve operational excellence.

The Company further strengthened its IT infrastructure and IT security through deployment of various tools and enforcement of various policies. The Company also ensured that the business needs are supported by investing in Network Upgrades, Mobility Solutions and various audio visual devices.

The upgrade of the ERP system to the Global ERP was progressed with the Units. This is aimed towards improvement in business performance via information sharing and integration.

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 the 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, 2010 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 February 4, 2011, Mr. T.S. Vishwanath and Mr. Vinod Kumar Dhall were appointed as Directors in the casual vacancies caused due to the resignations of Dr. Ajay Dua and Mr. Karim Vissandjee respectively. In the same Board Meeting Mr. T.S. Vishwanath was elected as a Non Executive Chairman of the Board.

Dr. Ajay Dua served as the Chairman of the Company from July 2009. He had 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 Dr. Ajay Dua. The Board also wishes to place on record the support given by Mr. Karim Vissandjee for introduction of various financial tools and establishment of the financial shared service centre. At the Board Meeting held on February 25, 2011, Mr. C.M.A. Nayar, an independent Director, resigned from the Board. The Board places on record its deep appreciation for the valuable contribution made by Mr. Nayar, during his association with the Company.

Mr. Michel Serra, Mr. Alexandre Tagger and Mr. Anil Chaudhry have been co-opted as Additional Directors and Mr. Arvind Pachauri was appointed as an Alternate Director to Mr. Michel Serra on 04.02.2011 and due to Mr. Serra's presence in India on 25.02.2011, Mr. Pachauri ceased to be an Alternate Director. On 25.02.2011, Mr. Pachauri was appointed as alternate to Mr. Pierre Laporte.

Brief Particulars of these Directors are given elsewhere in this report.

Considering the background and experience of the above Directors, the Board is of the opinion that the appointment of Directors as above, will benefit your Company.

Mr. Pierre Joseph Jean Marie Laporte and Mr. Michel Augonnet retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends the re-appointment of both Mr. Laporte and Mr Augonnet as Directors.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with 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 wish 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 2009 AREVA SA, the ultimate Holding Company of AREVA T&D India Limited had conducted a competitive open bidding process for the transfer of its global transmission and distribution electrical business (the "Global Business"). ALSTOM Holdings, a Company incorporated in accordance with the laws of France ("ALSTOM") and Schneider Electric Industries SAS, a Company incorporated in accordance with the laws of France ("Schneider") entered into a Consortium Agreement dated November 09, 2009 ("Consortium Agreement") whereby they agreed on the general principles regarding the offer to acquire the Global T&D Business of AREVA SA, funding of the acquisition, management of the Global T&D Business and separation of the same such that the transmission business will be allocated to the ALSTOM Group of Companies and the distribution business will be allocated to the Schneider Group of Companies.

Pursuant to the Consortium Agreement, a Share Purchase Agreement dated January 20, 2010 ("Share Purchase Agreement") was entered into between ALSTOM, Schneider and AREVA SA, to acquire 100% (one hundred percent) of the issued share capital and voting rights of T&D Holding (earlier known as AREVA T&D India Holding SA), a Company incorporated in accordance with the laws of France. T&D Holding directly along with its subsidiaries namely AREVA T&D India SAS and Long & Crawford Ltd, was holding 72.18% paid-up share capital of AREVA T&D India Ltd. (AREVA T&D India) .

Pursuant to the said Share Purchase Agreement and subsequent amendments thereto, on June 7, 2010, ALSTOM and Schneider through ALSTOM Sextant 5 SAS, a special purpose vehicle in which ALSTOM Holdings and Schneider Electric Services International hold approximately 70% and 30% respectively, of the equity share capital and incorporated in accordance with the laws of France, acquired the Global T&D Business of AREVA SA after obtaining necessary approvals of the relevant authorities. Consequent to the acquisition of AREVA's Global T&D Business, ALSTOM Sextant 5 SAS has indirectly acquired 72.18% of the paid up share capital of AREVA T&D India.

Further, in terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "SEBI (SAST) Regulations") ALSTOM Sextant 5 SAS, along with ALSTOM and others have, vide Public Announcement on 28th May 2010 to the equity shareholders of AREVA T&D India Limited made a cash offer to acquire up to 20% of the issued share capital of AREVA T&D India. Pursuant to the Public Announcement, ALSTOM Sextant 5 SAS, along with ALSTOM and others made an open offer to acquire up to 20% of the issued share capital of AREVA T&D India. Further to the Public Announcement made in May 2010, the Acquirer (ALSTOM Sextant5 SAS and others) had published the revised schedule of the open offer on 30th October, 2010 giving the date of opening of offer as November 6, 2010 and close of offer as November 25, 2010. Thereafter, on December 3, 2010 on behalf of Acquirer, the Managers to the open offer, DSP Merrill Lynch (DSP), had published the post offer Public Announcement in the Financial Express. The Acquirer had informed the Company vide their letter dated December 3, 2010, confirming the completion of the open offer formalities and enclosed the acknowledged copy of the post offer report filed by them with SEBI confirming that all other open offer obligations have been completed. The acquirers had acquired 2,906,624 (1.22%) equity shares tendered by the aforesaid erstwhile shareholders. These shares were held in Trust by the Registrar to the Offer, though not formally transferred in the Company's records. Consequently, on completion of formalities, the Promoters' holdings stand increased to 175,492,524 (73.40%) equity shares.

The Company is in the process of studying the manner for carrying out the 'allocation' in India as envisaged in the 'Consortium Agreement' referred to above and upon firming up, necessary further steps will be taken. In the context, three enabling wholly owned subsidiaries (including one formed after the balance sheet date) have been incorporated as on the date of this report and included as members of the group, which may be appropriately put to use with a view to giving effect to any detailed plan that may finally be approved.

Auditors

The Company has received a letter from M/s. Deloitte Haskins & Sells, the retiring Auditors, that they do not wish to offer themselves for re-appointment as Auditors at the ensuing Annual General Meeting.

For and on behalf of the Board

T.S. Vishwanath
Chairman

New Delhi
March 16, 2011

Conservation of Energy

Naini Unit

Measures taken to conserve energy

- Replaced all sodium vapur lamp with energy saver T5 lamp.
- Replaced heating element with thermic fluid of filter machine.
- Ceiling switch installed at office floor.
- Timer installed in shop floor for auto on – off of light.
- Transparent sheet provided in FG shed for reducing usage of electric light during day time.
- Reduction in airconditioning load in GSP plant from 83.5 TR to 23 TR.
- Insulation of transformer oil tank to reduce heat loss and to reduce the frequency of filtration with heating.

Additional investments and proposals being implemented to reduce energy consumption

- Replacement of old and inefficient thermopack would cost around Rs. 800,000.
- Replacing of electric heater with thermic fluid heater in ODT filter machine is under progress Rs. 200,000.

Impact of the measures on reduction of energy consumption

- Approx 115,000 p.a.

Pallavaram Unit

Measures taken to conserve energy

- Changed sodium vapour street lights to CFL street lights.
- Replacement of old airconditioners.
- Replacement of conv chokes with electronic ballast.
- Externalisation of control panel/ Fabrications.

Impact of the measures on reduction of energy consumption

- Power units in 2009 - 234398/ month. Power units in 2010 -194109 / month.
- Fuel consumption in 2009 - 22933 (lit)/ month, in 2010 11188 lit / month.
  a) Cost reduction TNEB is Rs. 2,900,000/ year.
  b) Cost reduction in Fuel is Rs. 4,698,000/ year.

Vadodara Unit

Measures taken to conserve energy

- Measurement of energy consumption & natural resources initiated (Electricity, Gas etc.).

Hosur Unit

Measures taken to conserve energy

- Implemented automatic control for lighting and airconditioning in the administration block.

Impact of the measures on reduction of energy consumption

- The initiatives are set to result in savings from the coming year and impact the cost of production henceforth.

Technology Absorption Adaptation and Innovation

Localization and Industrialization of 420kV GIS has been completed in 2010. This resulted in substantial cost savings compared to imported products.

Absorption of Double Motion Technology with low energy Drives for GL314P F3 – 245 kV LT Circuit Breakers Technology for Dead Tank Circuit Breakers ranging from 66kV to 145 kV.

This resulted in

- Direct Cost reduction.
- Increase in market share and export market.

Banda-Design under development for GST Transformers along with CEDAR Approx 10% cost reduction is expected and prototype manufacturing in quarter 1, 2011.

Expenditure on Research & Development :

Expenditure on R&D	Rs. 57,323,000
0.13% on turnover	

Foreign Exchange Earnings and Outgo

Forex earnings	Rs. 7,236,241,000
Forex outgo	Rs. 7,654,953,000

For and on behalf of the Board

T.S. Vishwanath
Chairman

New Delhi
March 16, 2011

Schedule of Imported Technology

Sl.No.	Technology	Year of Import	Status regarding absorption
1	245 kV Gas-insulated substation – type B105	2008	under absorption
2	420 kV Gas-insulated substation – type T155	2009	under absorption
3	800 kV, 240 MVA GT and 333 MVA ICT	2009	under absorption
4	110 MVAR, 63 MVAR	2009	under absorption
5	Large rating Furnace Transformer (80 MVA rating)	2009	under absorption
6	72.5 kV & 145 kV Dead Tank Circuit Breakers	2010	under absorption

ANNEXURE to the Directors **Report**

List of persons constituting 'Group' as required under Clause 3 (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

- Schneider Electric Industries SAS (France)
- Merlin Gerin Ales (France)
- Merlin Gerin Alpes (France)
- Schneider Electric Limited (United Kingdom)
- Square D Company (USA)
- Schneider Shanghai Industrial Control (China)
- Schneider Electric Telecontrol (France)
- Schneider Electric Logistic Asia Pte Ltd (Singapore)
- Schneider Electric GMBH (Germany)
- Schneider Electric China Invt. Co. Ltd (China)
- PT Schneider Electric Indonesia (Indonesia)
- Schneider Electric Espana (Spain)
- Schneider Italy SPA (Italy)
- Nu-Lec Industries Pty Limited (Australia)
- Schneider Electric Manufacturing Batam (Indonesia)
- Schneider Electric Australia Pty Ltd (Australia)
- Schneider Electric Brasil LTDA (Brazil)
- Schneider Electric Suisse AG (Switzerland)
- Schneider Electric Egypt SA (Egypt)
- EPS Ltd (Saudi Arabia)
- Schneider Shilin Suzhou Transformers Co. Ltd. (China)
- Clipsal Australia Pty Ltd (Australia)
- LK India Private limited (India)
- Schneider Electric France (France)
- Schneider Electric Nigeria (Nigeria)
- Schneider Electrik A.S. (Turkey)
- Schneider Shanghai Power Distribution Electrical Apparatus Co. Ltd. (China)
- Schneider Electric Thailand Co Ltd (Thailand)
- Schneider Electric Building AB (Sweden)
- Power Measurement (Canada)
- Digital Electronics Corp (Japan)
- Pelco (USA)
- Schneider Electric Lanka Pvt Ltd (Sri Lanka)
- Schneider Electric Services International (Belgium)
- Schneider Electric Korea (South Korea)
- Schneider Electric Japan (Japan)
- Pelco Finland Oy (Finland)
- Citec (Australia)
- Samwha EOCR (Korea)
- TAC USA (USA)
- Schneider Electric, SA (USA)
- Schneider Electric FZE
- Abu Dhabi (UAE)
- Schneider Electric SA (Abu Dhabi)
- Proface South East Asia Pacific Co Ltd (Thailand)
- Schneider Apparatus Manufacturing Co (China)
- ZAO Schneider Electric Russia(Russia)
- Schneider Electric Taiwan Co Ltd (Taiwan)
- Schneider Electric Philippines Inc (Philippines)
- Schneider Electric Indonesia (Indonesia)
- Schneider (Beijing) Low Voltage Co. Ltd (China)
- Schneider Busway (Guangzhou) Limited (China)
- Schneider Electric (Canada)
- APC India Private limited
- APC (USA)
- Schneider Electric Asia Pacific Ltd (Hong Kong)
- Schneider Electric Automation SA (France)
- Schneider Electric Overseas Asia PTE Ltd. (Singapore)
- Schneider Electric (NZ) Limited (New Zealand)
- Schneider Electric Conzerv India Private Limited (w.e.f. June 8, 2010)
- Schneider Electric NV/SA (Belgium)
- Schneider Electric SEF LE VAUDREUL (France)
- Merten GMBH (Germany)
- Schneider Electric Motion (Germany)
- Norbarre SAS (France)
- Societe Francaise Gardy (France)
- Schneider Electric Singapore PTE Limited (Singapore)
- Schneider Electric Malaysia (Malaysia)
- Schneider APC (Denmark)
- Schneider Electric Industries SAS (France)
- Schneider Electric Services International sprl (Belgium)
- Schneider Electric South East Asia (HQ) Pte Ltd (Singapore)
- Schneider Electric India Private Limited (India)
- American Power Conversion (India) Private Ltd (India)
- Schneider Electric Holding Europe (France)
- Smartgrid Automation Distribution and Switchgear Ltd
- AREVA Hungaria Limited
- AREVA T & D Panama SA, Panama

COUNTRY	COMPANY NAME
France	(SIE) SOCIETE INDUSTRIELLE ENERGIE
Singapore	A. S. 5 Singapore Pte Ltd
France	A.M.R.
Philippines	ABRECO REALTY CORPORATION
Peru	AGUAYTIA SUMINISTROS Y EQUIPAMIENTOS S.A.
Brazil	AIR PREHEATER EQUIPAMENTOS LTDA
France	AIRE URBAINE INVESTISSEMENT
Libya	ALGEC GT SERVICES, LIBYAN JOINT VENTURE STOCK COMPANY
USA	ALSKAW LLC
France	ALSOMA G.E.I.E.
France	ALSTOM
China	ALSTOM (China) Investment Co., Ltd
Switzerland	ALSTOM (Schweiz) AG, ALSTOM (Switzerland) Ltd, ALSTOM (Suisse) SA
Switzerland	ALSTOM (Schweiz) Services AG ou ALSTOM (Switzerland) Services Ltd ou ALSTOM (Suisse) Services SA
Thailand	ALSTOM (Thailand) Ltd
China	ALSTOM (Wuhan) Engineering & Technology Co., Ltd
China	ALSTOM (Yangzhou) High Voltage Bus-Ducts Co., Ltd
South Africa	ALSTOM Africa Holdings (Pty) Limited
Algeria	ALSTOM Algérie "Société par Actions"
Argentina	ALSTOM Argentina S.A.
Malaysia	ALSTOM Asia Pacific Sdn Bhd
Russian Federation	ALSTOM Atomenergomash
Australia	ALSTOM Australia Holdings Limited
Australia	ALSTOM Australia Limited
Australia	ALSTOM Australia Superannuation Plan Pty Limited
Austria	ALSTOM Austria GmbH
China	ALSTOM Beizhong Power (Beijing) Co.,Ltd
Belgium	ALSTOM Belgium Business & Services
Belgium	ALSTOM Belgium SA
France	ALSTOM Bergeron
France	ALSTOM BGR "Société en liquidation"
India	ALSTOM Bharat Forge Power Limited
Brazil	ALSTOM Brasil Energia e Transporte Ltda
Bulgaria	ALSTOM Bulgaria EOOD
Canada	ALSTOM Canada Inc.
Canada	ALSTOM Canada Ocean Technology Inc.
Germany	ALSTOM Carbon Capture GmbH
Porto Rico	ALSTOM Caribe, Inc.
Polland	Schneider Electric Energy Sp Zoo.
Chile	ALSTOM Chile S.A.
Colombia	ALSTOM Colombia S.A.
Great Britain	ALSTOM Contracting Ltd
Croatia	ALSTOM Croatia Ltd
Denmark	ALSTOM Danmark A/S
Great Britain	ALSTOM Defined Contribution Pension Trustee Limited
Germany	ALSTOM Deutschland AG
Egypt	ALSTOM Egypt for Power & Transport Projects S.A.E.
Great Britain	ALSTOM Electrical Machines Ltd
Germany	ALSTOM Erste Verwaltungs GmbH
Spain	ALSTOM Espana IB, S.L.
Estonia	ALSTOM Estonia AS
Italy	ALSTOM Ferroviaria S.p.A.
Netherlands	ALSTOM Finance BV
Finland	ALSTOM Finland Oy
Romania	ALSTOM General Turbo SA
Germany	ALSTOM GmbH
China	ALSTOM Grid (Shanghai) Co., Lt
Switzerland	ALSTOM Grid AG, ALSTOM Grid Ltd, ALSTOM Grid SA
Argentina	ALSTOM Grid Argentina S.A.
Tunisia	ALSTOM Grid Etudes Techniques
Netherlands	ALSTOM Grid Finance BV
Egypt	ALSTOM Grid for Electrical Network SAE
Germany	ALSTOM Grid GmbH
Greece	ALSTOM Grid Hellas AE
USA	ALSTOM Grid Inc
China	ALSTOM Grid Ltd
Thailand	ALSTOM Grid Ltd
Morocco	ALSTOM Grid Maroc
UAE	ALSTOM Grid Middle East FZE
Portugal	ALSTOM Grid Portugal, Ltda
France	ALSTOM Grid Protection & Contrôle SAS
Singapore	ALSTOM Grid Pte Ltd
Romania	ALSTOM Grid Romania Srl
France	ALSTOM Grid SAS
China	ALSTOM Grid Technology Center Co., Ltd
Thailand	ALSTOM Grid Thailand Ltd
France	ALSTOM Grid Transformateurs de Mesure SA
Vietnam	ALSTOM Grid Vietnam Company Ltd
Slovakia	ALSTOM Grid, spol. s r.o.
Great Britain	ALSTOM Group UK Ltd
Greece	ALSTOM Hellas S.A.
Hungary	Schneider Electric Energy
China	Schneider Ritz HV Instrument Transformers Co. Ltd..

France	ALSTOM Holdings
Thailand	ALSTOM Holdings (Thailand) Co. Ltd
China	ALSTOM Hong Kong Ltd
Hungary	ALSTOM Hungary Co. Ltd.
China	ALSTOM Hydro China Co., Ltd
Spain	ALSTOM Hydro Espana, S.L.
France	ALSTOM Hydro France
France	ALSTOM Hydro Holding
Malaysia	ALSTOM Hydro Malaysia Sdn Bhd
India	ALSTOM Hydro R&D India Limited
Sweden	ALSTOM Hydro Sweden AB
Venezuela	ALSTOM Hydro Venezuela
France	ALSTOM I.T.C. ou ALSTOM InfrastructureTechnology Center
USA	ALSTOM Inc.
India	ALSTOM India Ltd
Brazil	ALSTOM Industria Ltda
Romania	ALSTOM Infrastructure Romania srl
Switzerland	ALSTOM Inspection Robotics AG ou ALSTOM Inspection Robotics Ltd ou ALSTOM Inspection Robotics SA
China	ALSTOM Instrument Transformers (Shanghai) Co., Ltd.
Egypt	ALSTOM International Egypt S.A.E.
Ireland	ALSTOM Ireland Ltd
Israel	ALSTOM Israel Ltd
Japan	ALSTOM K.K.
Kazakstan	ALSTOM Kazakhstan LLP
Iran	ALSTOM Khadamat S.A.
France	ALSTOM Kléber Malraux
France	ALSTOM Kleber Sixteen
France	ALSTOM Kléber Thirteen
France	ALSTOM Kleber Twenty
France	ALSTOM Kleber Twenty One
Poland	ALSTOM Konstal Spolka Akcyjna
Korea	ALSTOM Korea Ltd
Latvia	ALSTOM Latvia Ltd
France	ALSTOM Leroux Naval
Australia	ALSTOM Limited
Russian Federation	ALSTOM Limited
Germany	ALSTOM Lokomotiven Service GmbH
Great Britain	ALSTOM Ltd
France	ALSTOM Magnets and Superconductors SA
USA	ALSTOM Maintenance Inc.
Switzerland	ALSTOM Management Resources AG (ou) ALSTOM Management Resources Ltd
France	ALSTOM Management SA
India	ALSTOM Manufacturing India Ltd
Morocco	ALSTOM Maroc S.A.
Mexico	ALSTOM Mexicana S.A. de C.V.
Mexico	ALSTOM Mexico, S.A. de C.V.
UAE	ALSTOM Middle East FZE
Australia	ALSTOM MSC PTY LIMITED
Netherlands	ALSTOM Netherlands BV
France	ALSTOM Network Power
Switzerland	ALSTOM Network Schweiz AG / ALSTOM Network Switzerland Ltd / ALSTOM Network Suisse SA
France	ALSTOM Network Transmission
France	ALSTOM Network Transport
Great Britain	ALSTOM Network UK Ltd
New Zealand	ALSTOM New Zealand Holdings Limited
Nigeria	ALSTOM Nigeria Limited
Great Britain	ALSTOM Northern Line Service Provision
Norway	ALSTOM Norway AS
Netherlands	ALSTOM NV
USA	ALSTOM PAC Inc.
Panama	ALSTOM Panama, S.A.
Great Britain	ALSTOM Pension Trust Ltd
Philippines	ALSTOM Philippines, Inc.
Poland	ALSTOM Poland SSC Sp. z o.o.
Portugal	ALSTOM Portugal, S.A.
Canada	ALSTOM Power & Transport Canada Inc. / ALSTOM Energie & Transport Canada Inc.
India	ALSTOM Power Boilers Services Limited
Mexico	ALSTOM Power Chicoasen, S.A. de C.V.
Great Britain	ALSTOM Power Construction Ltd
Poland	ALSTOM Power Construction Sp. zo.o.
Switzerland	ALSTOM Power Consulting AG (ou) ALSTOM Power Consulting Ltd
France	ALSTOM Power Conversion
USA	ALSTOM Power Conversion Inc.
Czech Republik	ALSTOM Power CZ, s.r.o., ALSTOM Group
Germany	ALSTOM Power Energy Recovery GmbH
Denmark	ALSTOM Power FlowSystems A/S
Italy	ALSTOM Power FlowSystems s.r.l.
China	ALSTOM Power Generation Limited
Great Britain	ALSTOM Power Generation Limited
France	ALSTOM Power Heat Exchange
Turkey	ALSTOM Power Hidroelektrik Uretim Tesis Ticaret ve Isletme Ltd Sti
France	ALSTOM Power Holdings SA

Morocco	ALSTOM Power Hydraulique SAS
USA	ALSTOM Power Inc.
France	ALSTOM Power Industrie
USA	ALSTOM Power International, Inc.
Italy	ALSTOM Power Italia S.p.A.
Great Britain	ALSTOM Power Ltd
Netherlands	ALSTOM Power Nederland B.V.
New Zealand	ALSTOM Power New Zealand Limited
Switzerland	ALSTOM Power O&M AG (ALSTOM Power O&M Ltd)
Peru	ALSTOM Power Peru S.A.
Great Britain	ALSTOM Power Plants Ltd
Great Britain	ALSTOM Power Plants Services Limited
South Africa	ALSTOM Power Projects (Pty) Ltd
Mexico	ALSTOM Power Proyectos S.A. de C.V.
France	ALSTOM Power SA
France	ALSTOM Power Service
China	ALSTOM Power Service (Hong Kong) Ltd
South Africa	ALSTOM Power Service (Pty) Ltd
Germany	ALSTOM Power Service GmbH
South Africa	ALSTOM Power Service SA (Pty) Ltd
Singapore	ALSTOM Power Singapore Pte Ltd
Australia	ALSTOM Power Site Services Pty Ltd
Poland	ALSTOM Power Spolka z orgraniczona odpowiedzialnoscia in Warsawa
Russian Federation	ALSTOM Power Stavan
Sweden	ALSTOM Power Sweden Aktiebolag
Germany	ALSTOM Power Systems GmbH
France	ALSTOM Power Systems SA
USA	ALSTOM Power Turbomachines LLC
Russian Federation	ALSTOM Power Turbomachines Ltd
Turkey	ALSTOM Power Ve Ulasim Anonim Sirketi
Spain	ALSTOM Power, S.A.
India	ALSTOM Projects India Ltd
China	ALSTOM Qingdao Railway Equipment Co Ltd
France	ALSTOM Resources Management
Great Britain	ALSTOM Resources Management Ltd
South Africa	ALSTOM S&E Africa (Pty)
Italy	ALSTOM S.p.A.
Czech Republik	ALSTOM s.r.o.
Saudi Arabia	ALSTOM Saudi Arabia Limited
Saudi Arabia	ALSTOM Saudi Arabia Transport and Power Ltd
Switzerland	ALSTOM Schienenfahrzeuge AG
Senegal	ALSTOM Sénégal Sarl
Malaysia	ALSTOM Services Sdn Bhd
France	ALSTOM Sextant 2
France	ALSTOM Sextant 3
France	ALSTOM Sextant 4
France	ALSTOM Sextant 5
China	ALSTOM Shanghai Aohan Energy Recovery Systems Co. Ltd
USA	ALSTOM Signaling Inc.
Canada	ALSTOM Sitca Inc.
China	ALSTOM Sizhou Boiler Auxiliary Machinery (Qingdao) Co., Ltd
China	ALSTOM Sizhou Electric Power Equipment (Qingdao) Co. Ltd
Slovakia	ALSTOM Slovakia, s.r.o.
South Africa	ALSTOM Southern Africa Holdings
South Africa	ALSTOM STH Africa Power Projects (Pty) Limited
China	ALSTOM Strongwish (Shenzhen) Co. Ltd
Sweden	ALSTOM Sweden AB
Germany	ALSTOM T&D GmbH
Trinidad and Tobago	ALSTOM T&T Ltd
Taiwan	ALSTOM Taiwan Ltd
China	ALSTOM Technical Services (Shanghai) Co., Ltd
Switzerland	ALSTOM Technologie AG (ou) ALSTOM Technology Ltd (ou) ALSTOM Technologie SA
Great Britain	ALSTOM Transport
Singapore	ALSTOM Transport (S) Pte Ltd
Sweden	ALSTOM Transport AB
Netherlands	ALSTOM Transport BV
Germany	ALSTOM Transport Deutschland GmbH
USA	ALSTOM Transport Holding US Inc.
Great Britain	ALSTOM Transport Hong Kong Ltd
India	ALSTOM Transport India Limited
Korea	ALSTOM Transport Korea Ltd
France	ALSTOM Transport SA
Romania	ALSTOM Transport SA
Great Britain	ALSTOM Transport Service Ltd
USA	ALSTOM Transportation Electronic Systems, Inc.
USA	ALSTOM Transportation Inc.
Great Britain	ALSTOM Transportation Projects International Ltd
Great Britain	ALSTOM Transportation Projects Ltd
Thailand	ALSTOM Transportation Services Ltd
Spain	ALSTOM Transporte, S.A.
Great Britain	ALSTOM Turbine Generators India Ltd

Australia	ALSTOM UGL Rolling Stock Pty Limited
Great Britain	ALSTOM UK
Great Britain	ALSTOM UK Holdings Ltd
USA	ALSTOM USA Inc.
Norway	ALSTOM Vannkraft AS
Venezuela	ALSTOM Venezuela S.A.
Vietnam	ALSTOM Vietnam Company Limited
Egypt	ALSTOM Water Systems
Brazil	ALSTOM Wind Equipamentos Eolicos e Servicios
France	ALSTOM Wind France SAS
Italy	ALSTOM Wind Italia s.r.l.
Spain	ALSTOM Wind, Sociedad Limitada
Germany	ALSTOM Zweite Verwaltungs GmbH
France	AMJ31
USA	Apcompower Inc
Spain	Aplicaciones Tecnicas Industriales, S.A.
Egypt	AREVA International Egypt For Electricity Transmission & Distribution
China	AREVA Sunten Electric Co., Ltd
Great Britain	AREVA Switchgear Limited
Sweden	AREVA T&D AB
Algeria	AREVA T&D Algerie Spa
Norway	AREVA T&D AS
Australia	AREVA T&D Australia Ltd
Austria	AREVA T&D Austria AG
Belgium	AREVA T&D Belgium SA
Canada	AREVA T&D Canada INC.
Chile	AREVA T&D Chile S.A.
Denmark	AREVA T&D Danmark A/S
China	AREVA T&D Disconnector (WUXI) Co., Ltd
Turkey	AREVA T&D Enerji Endustrisi A.S
China	AREVA T&D Enterprise Management (shanghai) Co., Ltd
China	AREVA T&D Guangdong Switchgear Co., Ltd
China	AREVA T&D Huadian Switchgear (xiamen) Co. Ltd
Great Britain	AREVA T&D HVDC India Ltd
Spain	AREVA T&D Iberica, S.A.
India	AREVA T&D India Limited
Italy	AREVA T&D Italy S.p.A.
Japan	AREVA T&D Japan K.K.
Germany	AREVA T&D Messwandler Gmbhritz Messwandler Ludwigslust Gmbh
Nigeria	AREVA T&D Nigeria Limited
Finland	AREVA T&D OY
Great Britain	AREVA T&D Power Electronic Systems Ltd
France	AREVA T&D Protection & Contrôle
Netherlands	AREVA T&D Rusal BV
Russian Federation	AREVA T&D Rusal Electro Engineering
Colombia	AREVA T&D S.A.
Saudi Arabia	AREVA T&D Saudi Arabia Ltd
China	AREVA T&D Shanghai Power Automation Co. Ltd
Poland	AREVA T&D Sp.zo.o.
Great Britain	AREVA T&D SPR International Limited
China	AREVA T&D Suzhou High Voltage Switchgear Co., Ltd
Great Britain	AREVA T&D UK Ltd
Uruguay	AREVA T&D Uruguay SA
Venezuela	AREVA T&D Venezuela, SA
China	AREVA T&D Xiamen Switchgear Co. Ltd
China	AREVA T&D Yuli (beijing) Disconnector Co., Ltd
Mexico	AREVA T&D, S.A. DE C.V.
Brazil	AREVA Transmissao & Distribuiçao de Energia Ltda
China	AREVA Wuhan Transformer Co., Ltd
Mexico	BALMEC SA DE CV
USA	BBCP Corporation
USA	BTGS LP
Uruguay	BYRCO Corp SA
Spain	Caldereria Torres Altamira, S.A.
China	Casco Signal Ltd
Brazil	Cebraf Servicos Ltda
Italy	Cegelec Italia (in Liquidazione)
France	Centre D'essais Ferroviaire En Region Nord Pas De Calais Sa
Mexico	Cerrey, S.A. de C.V.
France	Chantiers De L'atlantique
Israel	Citadis Israel
Switzerland	Clever Engineering AG
Germany	Clever Engineering Gmbh i.L.
France	Cogelex
Great Britain	Cogelex Limited
France	Compagnie De Montages Electriques A L'exportation - Comelex
Morocco	Concepelec
Switzerland	Consenec Ag (ou) Consenec Ltd (ou) Consenec S.a.
China	Dalian Pyung-il Cariboni Power Line Products Co., Ltd
USA	Ddcp Corporation

Netherlands	De Barte Zeeland B.V.
Mexico	Delas Repsa
Spain	Ecotecnia Galicia, S.L.
Spain	Ecotecnia Instalacion, S.L.
Spain	Ecotecnia Navarra, S.A.
Spain	Ecotecnia Promociones Eolicas Internacionales, S.A.U.
Switzerland	Enercon Engineering Und Montage Ag
India	Energy Grid Automation Transformers and Switchgears India Limited
Spain	Eolica De La Ruya, S.L.
Spain	Eolica Hormilla, S.L.
Spain	Eolica Ortega, S.L.
Spain	Eolica Tramuntana, S.L.
Brazil	Ete - Equipamentos De Tracao Eletrica Ltda
France	Etoile Kleber
USA	FFCP LLC
Germany	FFW GMBH - Gesellschaft Fur Personal Und Organisationsentwiclung
France	FRAMECA - FRANCE METRO CARACAS
Libya	FRENCH LIBYAN ELECTRICAL SERVICES COMPANY (FLESCO)
Democratic Republik of Congo	GEC ALSTHOM ACEC CONGO
Netherlands	GEC ALSTHOM NV
France	GECI - GROUPEMENT D'ETUDES ET DE CONSTRUCTIONS INDUSTRIELLES
Canada	GENERAL RAILWAY SIGNAL OF CANADA LIMITED ou SIGNALISATION FERROVIAIRE GENERALE DU CANADA LIMITEE
India	GRID EQUIPMENTS LIMITED
Great Britain	HARDY TRAINCARE LIMITED
Morocco	HYDROMONTAGE (MAROC) SA (en cours de dissolution)
France	HYMEC - SOCIETE D'EQUIPEMENT HYDROMECANIQUE
Brazil	IMMA - INDUSTRIA METALURGICA E MACANICA DA AMAZONIA LTDA
Germany	INTER-ELECTRO-GESELLSCHAFT MBH
France	INTERINFRA (COMPAGNIE INTERNATIONALE POUR LE DEVELOPPEMENT D'INFRASTRUCTURES)
France	IPO - INSTITUT DE PARTICIPATIONS DE L'OUEST
Spain	IRVIA MANTENIMIENTO FERROVIARIO, S.A.
Russian Federation	JOINT VENTURE ALSTOM Power Uniturbo Limited
Japan	KAJIWARA IRON WORKS CO., LTD
India	KALYANI ALSTOM POWER LIMITED
China	KEEN MASTER LTD
Spain	LA MAQUINISTA TERRESTRE Y MARITIMA S.A. - MTM
France	LABORATOIRE OKSMAN SERAPHIN
Malaysia	LCM SWITCHGEAR MANUFACTURING SDN BHD
Great Britain	LONG & CRAWFORD LIMITED
France	LORELEC
Canada	MECANIKA CONSTRUCTION INC
Malta	MEDELEC SWITCHGEAR LIMITED
Israel	METRO RAIL LTD
France	MOBILITE AGGLOMERATION REMOISE SAS
Nepal	NEPAL HYDRO & ELECTRIC PVT.LTD
Great Britain	NEWBOLD CCI LIMITED
Great Britain	NEWBOLD ENERGY LTD
Japan	NIHON KENGYO K.K.
Japan	NIHON SANGYO K.K.
India	NTPC ALSTOM POWER SERVICES PRIVATE LTD
Italy	OSVALDO CARIBONI LECCO S.p.A.
Finland	OY BEABELLA AB "in Bankrupcy"
Spain	PARC EOLIC COLL DEL PANISSOT, S.L.
Spain	PARC EOLIC L'ERA BELLA, S.L.
France	PARC EOLIEN CHAMPS PUGET
France	PARC EOLIEN DE LA BRUYERE SARL
France	PARC EOLIEN DE VIALETTE SARL
France	PARC EOLIEN DES PIERRES PLATES SARL
France	PARC EOLIEN DU COIN GUERIN SARL
Spain	PARC SOLAR NAVES, AEI
Spain	PARQUE EOLICO LA SARGILLA, S.A.U.
Spain	PARQUE EOLICO LAS TADEAS, S.L.
Spain	PARQUE EOLICO VALDEHIERRO, S.L.
Spain	PARQUES EOLICOS DE CEUTA, S.L.
Spain	PARQUES EOLICOS DE LA REGION DE MURCIA, S.A.
Brazil	PCH O&M - PCH OPERACAO E MANUTENCAO LTDA
Mexico	PESCA INDUSTRIAL CORPORATIVA SA DE CV - PICOSA (en faillite)
France	PLA DE MOULIS
USA	POWER SYSTEMS MFG., LLC
Great Britain	POWERMANN LIMITED

Virgin Islands(British)	PROFIT COMBO LIMITED
France	PROTEA
Indonesia	PT ALSTHOMINDO
Indonesia	PT ALSTOM Power Energy Systems Indonesia
Indonesia	PT ALSTOM Transport Indonesia
Indonesia	PT AREVA T&D
Indonesia	PT UNELEC INDONESIA
France	RESTAURINTER
Mexico	ROSARITO POWER S.A. DE C.V.
Austria	RTA RAIL TEC ARSENAL FAHRZEUGVERSUCHSANLAGE GMBH
Italy	S.A.T. SISTEMA AUTOMATICO DI TRASPORTO S.R.L.
France	SAMT SARL
Germany	SCHORCH ALTERSVERSORGUNG GMBH
China	SEC AREVA (SHANGHAI BAOSHAN) TRANSFORMER CO., LTD
China	SEC AREVA (SHANGHAI LINGANG) TRANSFORMERS CO. LTD
Spain	SET VECIANA, S.L.
USA	SGTB LLC
China	SHANGHAI ALSTOM Transport Company Limited
China	SHANGHAI ALSTOM Transport Electrical Equipment Company Ltd
USA	SIGMA ENERGY SOLUTIONS INC
Great Britain	SIGNALLING SOLUTIONS LIMITED
Italy	SIM SOCIETA ITALIANA MONTAGGI S.P.A.
Czech Republik	SLIVER MACHINE A.S.
France	SOCPE BOUXETA
France	SOCPE CHAMPS CHAGNOTS
France	SOCPE DE BREUILLEBAULT
France	SOCPE DE CERMELLES
France	SOCPE DE CHAMPS PERDUS
France	SOCPE DE FOND DE LA DEMIE LIEUE
France	SOCPE DE LA FORTE PLACE
France	SOCPE DE LAME DE FER
France	SOCPE DE POUZELAS
France	SOCPE DE VERS CAYEUX
France	SOCPE DES BEAUCES
France	SOCPE DU BOIS DE LENS
France	SOCPE LA MARGE
France	SOCPE LANDES DE COUESME
France	SOCPE LE CHENE COURTEAU
France	SOCPE PLANE DE MANSA
France	SOCPE TERRES DE L'ABBAYE
France	SOGEEF (Société de gestion et d'exploitation ferroviaire)
Mexico	SUBURBANO EXPRESS, S.A. DE C.V.
China	SUZHOU AREVA SWITCHGEAR LIMITED
France	T&D HOLDING
Italy	T.P.B. TRASPORTI PUBBLICI DELLA BRIANZA S.p.A. (in bankruptcy)
France	TARBES INDUSTRIE
France	TECHNOS ET COMPAGNIE
Spain	TELEMANTENIMIENTO DE ALTA TENSION, S.L.
Saudi Arabia	THE ELECTRICAL MATERIALS & EQUIPMENT CO LTD
China	TIANJIN ALSTOM Hydro Co., Ltd
Russian Federation	TMH ALSTOM DV
Netherlands	TMH-ALSTOM BV
Virgin Islands(British)	TOP YIELD GROUP LIMITED
Spain	TRAMVIA METROPOLITA DEL BESOS SA
Spain	TRAMVIA METROPOLITA, S.A.
Lithuania	UAB ALSTOM POWER
Italy	VAL 208 TORINO GEIE
Spain	VENT DEL MONTSIA, S.L.
Germany	VGT VORBEREITUNGSGESELLSCHAFT TRANSPORTTECHNIK GMBH
Great Britain	WASHWOOD HEATH TRAINS LTD
Great Britain	WEST COAST SERVICE PROVISION LIMITED
Great Britain	WESTCOAST TRAINCARE LIMITED
Virgin Islands(British)	WHOLEWISE INTERNATIONAL LIMITED
China	WUHAN BOILER BOYU INDUSTRY LIMITED DUTY COMPANY
China	WUHAN BOILER COMPANY LTD
China	WUHAN LANXIANG ENERGY & ENVIRONMENTAL PROTECTION TECHNOLOGY INC
China	WUXI ALUMIN CASTING CO., LTD
China	XI'AN ALSTOM YONGJI ELECTRIC EQUIPMENT CO., LTD
Russian Federation	YUZHNY EXPRESS
Russian Federation	ZAO AREVA TRANSMISSION & DISTRIBUTION
China	WUXI ALUMIN CASTING CO., LTD
China	XI'AN ALSTOM YONGJI ELECTRIC EQUIPMENT CO., LTD
Russian Federation	YUZHNY EXPRESS
Russian Federation	ZAO AREVA TRANSMISSION & DISTRIBUTION

Management Discussion & Analysis Report

Market Overview

The Indian Stock market recovered in 2010, mainly due to FII investments. The Indian economy also recovered in 2010, thanks to positive sentiments in the market well supported by fiscal initiatives from the Government.

In 2010, the Industry and Infrastructure sectors of the economy were cautious on new investments. Projects, which were on hold amidst the crisis, started to recover slowly. Major activities were seen in the Power Generation segment. However, fewer new Industrial investments were announced. As per latest estimates of Government, the power generation capacity is unlikely to exceed 55,000 MW in the 11th Plan against the original target of 78,000 MW.

T&D Utilities could not maintain the pace of investment due to delays in decision making process. Availability of land and lesser number of Power plants requiring grid connectivity, were the principal factors for delay in investment decisions. Thus, the number of projects realized in 765 kV were less than half of what was decided in 2009. Re-tendering of the mega bulk packages of generation equipment for NTPC, resulted in reduced transmission scope. On the positive side, some of the State Electricity Boards such as MSETCL, HVPNL, RRVPNL, WBSTCEL, CSEB etc., decided to invest in improving their network in 400 kV class. In the APDRP Grid Distribution segment of Utilities, investments were subdued due to poor financial health of the State Electricity Boards. On the whole, the quantum of investment in the Utility segment of the T&D market in 2010 was lower vis-à-vis that of 2009 levels.

765 kV GL318D commissioned at Unit II of Lanco's Anpara - C Project in Sonbhadra (Uttar Pradesh).

The year 2010 also witnessed a continuing trend of price pressure due to supply exceeding demand in the T&D market. Indian T&D manufacturers also witnessed aggressive pricing by several Chinese and Korean suppliers, particularly in the Power Transformer and GIS segments of the market. In the Medium Voltage segment, several new suppliers, mostly domestic, came to the market with very aggressive prices. In Distribution transformers also, your Company faced significant price pressure from domestic suppliers. To counter this price fall, your Company made special efforts and launched several cost cutting actions to improve operational.

Opportunities & Threats

Opportunities

In 2010, there were some new developments in the Indian T&D Market. Several State Utilities launched initiatives to build 765 kV network in their respective states. Some private developers also went for 765 kV exit substation solutions to connect their generating stations. UP State Utility came up with a BOOT plan for the 765 kV network in the state.

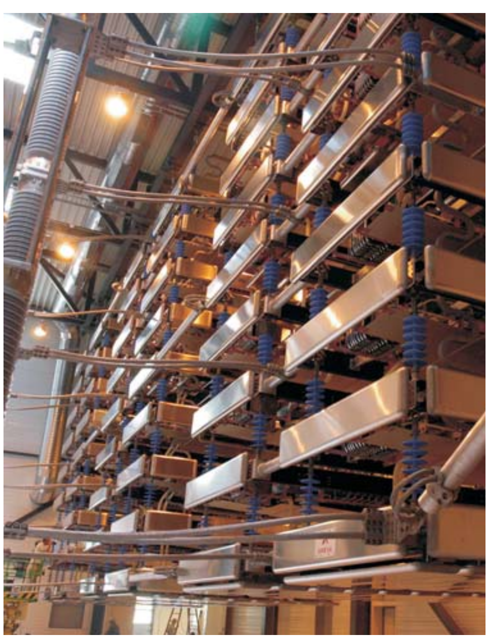
None of these efforts resulted in any order except from private developers in 2010. However, it is foreseen that the 765 kV segment of the market is going to witness some more investors such as the State Utilities and the Private developers, in addition to Central Utilities like Power Grid and NTPC. Over the last three years, Your company has established itself as a leader in the 765 kV domain, winning 12 out of 22 substations of 765 kV class ordered till December 2010. In the 12th Plan there shall be a significant increase of 765 kV network mainly to handle bulk power transfer in the Grid.

eBOP project commissioned for Essar Power's Thermal Power Project at Salaya (Gujarat).

In the 12th plan, the Government of India is planning to add around 100,000 MW of generation capacity to the Grid. Handling such a bulk volume of power would also need, in addition to a wide 765 kV network, the UHV or 1200 kV class of the network. Power Grid Corporation (PGCIL) has taken initiatives to launch the 1200 kV transmission system. The test station at Bina is in the process of implementation. Two more projects are identified at Aurangabad and Pune for the future 1200 kV system. AREVA T&D India is already in the forefront having developed the 1200 kV CTs.

Your Company is getting ready for the emerging 1200 kV market and is also actively considering BOOT opportunities, as a solution provider, for future growth.

Power Generation was key growth driver for the Transmission industry in 2010. Several large eBOP projects were awarded. This trend is likely to continue in the years to come. Private players like Essar, Adani, Reliance, Lanco and other developers are expected to boost the demand for e-BoP solutions. AREVA T&D India has already established itself as a key solution provider for this segment of the market.



The T&D Market is also likely to see increase in use of GIS technology in the substations. As a GIS substation takes less than 20% footprint of a traditional AIS Substation, the increasing land price shall be a key driver of the introduction of the GIS technology. AREVA T&D India's factory at Padappai, Chennai is likely to benefit as and when such investments take place.

The T&D market is also witnessing introduction of technologies like HVDC and VSC based, to manage DC transmission. It is true that the development of DC technology in India has been slow due to slower pace of growth in DC compared to AC transmission solutions. AREVA T&D India has already supplied 3 HVDC systems (Chandrapur, Vizag and Sasaram) to the Indian Grid over the last decade. Your Company is ready to provide such solutions whenever the market for DC opens up.

2010 was not a good year for the development of the Utility Distribution segment. No major projects were awarded. The SEBs are yet to finalise their business models. Since a majority of these Utilities are loss making, the successful launch of R-APDRP programme is getting delayed. We are hopeful that the ground level issues would be resolved in the 12th plans.

Smart Grid technology for the electrical grid is in the process of evolution in the Indian market. Your Company has, over the last decade, built the most of the regional Load despatching centres of India's Transmission Grid including the National Load dispatch centre. 70% of India's Grid power flow is managed with the smart load dispatching technology supplied by your company. AREVA T&D India is, therefore, always ready when such investments are announced.

Threats

Several Indian equipment manufacturers in the T&D domain have made investments to increase their manufacturing capacities. On the other hand, Chinese and Korean suppliers, in the absence of

State of the art Power Transformer, Distribution Transformer, Primary Distribution and Secondary Distribution Units at Vadodara.

growth potential in their local domestic market, are also looking for exports to growing economies like India. Some of the Indian manufacturers are also planning to have technology tie up with foreign companies to produce T&D equipment in India. All these actions led to excess supply to the T&D India market in 2010.

Recovery of the Utility, Industrial & the Infrastructure segments is essential to improve the market conditions. Hopefully additional impetus would be given by the Government to improve investments in the Infrastructure segment in addition to removing the bottlenecks, through actions on land reforms, for developing a project.

Business Projections

Your Company has the depth of its management talents to face the market challenges, as it did in the recent past. Amongst competition your company has the high level of localization though its world class factories supported by a well trained professional work force. Your Company is ready to meet the demand as well as the challenges of the T&D market in the country.

Support Functions

Human Resources

Employee Strength of your Company stood at 5050 as on 31st December 2010. The HR team is committed to develop and retain the competencies of our talents.

Finance

The ramp up of operations at the eight new factories added by new product ranges contributed to higher inventories and resulted in an increase in the working capital requirements of the company. The increased capacity helped improve our on time delivery while avoiding costs overruns and building customer confidence. Higher working capital to service larger sales volumes and increased interest rates lead to higher interest cost. The Company continued to generate cash from the operations, the additional support from the new investments is taking a longer period.

The Finance Shared Service Centre was strengthened to handle 35% increase in finance transactions, to respect the tough deadlines and to improve the operational efficiency. Finance Controlling functions focused on specific cost controls and risk mitigation measures. Your company also adopted a complete hedging process for its imports and exports. A periodic review of the coverage and implementation of the process is done to ensure the effectiveness.

"The Compliance Manager" tool implemented during the year across all the units and functions facilitated identification of areas for further improvements. All the actions identified in the process are monitored across the entire organisation with quarterly reporting to the board of Directors.

During the year the company's "Two Star Export House" status was upgraded to "Trading House" giving additional benefits in terms of reduction in customs duty on capital goods.

Investor Relations

During the year under review your company continued to make several efforts in increasing investor communication activities. Senior Executives of your Company held investor conference call based interactive sessions to discuss the progress and performance of the Company. Your company also made regular communication with shareholders by way of press releases and investor presentations to update them on any key material information. This is in keeping with our 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

The company has continued focus towards corporate governance. During the year, the Audit Committee was informed of the implementation of a risk assessment framework using the Business Risk Model (BRM) approach. Training was imparted across all Business Units to develop a culture of risk based decision making process in day to day operations. The Units are now geared up to manage their operations adopting risk based approach. The progress of the risk mitigation plans is be reviewed by the Board periodically. Focus was also maintained in the internal audit assignments carried out during the year identifying the key risks impacting the performance of the company. The recommendations of internal audit are supported by action plans for implementation the progress is reviewed by the management as well as by the Audit Committee regularly.

Outlook

The T&D market is slowly recovering from the impact of global financial crisis. Power sector continues to be the priority sector for the government. In view of Government of India's announcement of increasing investments in the Infrastructure and the Industry segments it is expected that the T&D market in India may grow in 2011. With the ramping up of the 3 new green-field sites and expansion of capacities, AREVA T&D India is well poised to capture the growth opportunities in the T&D sector. AREVA T&D India has successfully met market challenges by continuing to lead the T&D Market in India for the last 3 years.

However there are many challenges which may impact the growth of your Company in the short run. To control high inflation, RBI the central bank of India has been following monetary policy of liquidity tightening and raising interest rates. This may make some of the infrastructure projects unviable. Your company's interest cost will also rise due to increase in interest rates which will affect profitability. External factors might delay customer projects, thus adversely affecting the revenue flow. Aggressive competition from Chinese and Korean suppliers might put strong price pressure leading to fall in profitability of your Company. Similar price pressure could as well come from the EPC companies, adversely impacting profitability of the Systems projects. On the distribution domain the threat is mainly from local suppliers , including some who are new entrants. AREVA T&D India management team, therefore, remains totally focused to meet these challenges and continues to align itself to deliver the best and create value for its stakeholders.

For and on behalf of the Board

T.S. Vishwanath
Chairman

New Delhi
March 16, 2011

Corporate Governance

Report on Corporate Governance [For the year ended 31.12.2010]

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 eight. However there is one Alternate Director which Is not included in the total strength. Of the total eight Directors, seven Directors are non-executive comprising more than 87% of the Board strength. The Chairman and one other are Independent Director and non-executive. The Company does not have any nominee Director. The Company is in the process of inducting an Independent Director in place of another, who recently resigned on 25.02.2011 and by such appointment, the requirement of SEBI's guidelines as per the amended Clause 49 of the Listing Agreement and The Companies Act, 1956 shall be met.

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 2010)	Attendance at the last AGM held on 23.04.2010
1	Mr. T.S. Vishwanath [1]	Chairman	Independent (Non–Executive)	NA	NA
2	Dr. Ajay Dua	Chairman [2]	Independent (Non-executive)	5	Yes
3	Mr. Rathindra Nath Basu	Managing Director	Executive	5	Yes
4	Mr. Michel Augonnet	Director	Non-executive	1	Yes
5	Mr. Anil Chaudhry [3]	Additional Director	Non-executive	NA	NA
6	Mr. Vinod Kumar Dhall [4]	Director	Independent Non-executive	NA	NA
7	Mr. Pierre Laporte	Director	Non-executive	2	No
8	Mr. Arthur De Montalembert [5]	Director	Non-executive	1	No
9	Mr. C.M.A. Nayar [6]	Director	Independent Non-executive	5	Yes
10	Mr. Michel Serra [3]	Additional Director	Non-executive	NA	NA
11	Mr. Alexandre Tagger [3]	Additional Director	Non-Executive	NA	NA
12	Mr. Karim Vissandjee [7]	Director	Non-executive	5	Yes
13	Mr. Arvind Pachauri [8]	Alternate Director to Mr. Pierre Laporte	Executive	NA	NA

[1] Appointed as a Director in Casual Vacancy caused due to the resignation of Dr. Ajay Dua at the Board Meeting held on 04.02.2011. He was than appointed as Chairman (Non Executive) [2] Resigned from the Board of Directors on 04.02.2011 [3] Appointed as an Additional Director at Board Meeting held on 04.02.2011 [4] Appointed as a Director in Casual Vacancy caused due to the resignation of Mr. Karim Vissandjee at Board Meeting held on 04.02.2011 [5] Resigned from the Board of Directors on 07.06.2010 [6] Resigned from the Board of Directors on 25.02.2011 [7] Resigned from the Board of Directors on 04.02.2011 [8] Appointed as an Alternate Director to Mr. Michel Serra on 04.02.2011 and due to Mr. Serra's presence in India on 25.02.2011, Mr. Pachauri ceased to be an Alternate Director. On 25.02.2011, Mr. Pachauri was appointed as alternate to Mr. Pierre Laporte.

The appointment of Dr. Ajay Dua, who was co-opted to the Board as Additional Director, was confirmed by the shareholders in the last AGM held on 23.04.2010.

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

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	Mr. T.S. Vishwanath [1]	3	1	3
2	Mr. Rathindra Nath Basu	1	-	-
3	Mr. Michel Augonnet	-	-	-
4	Mr. Anil Chaudhry [1]	2	-	-
5	Mr. Vinod Kumar Dhall [1]	3	-	1
6	Mr. Pierre Laporte	1	-	-
7	Mr. Michel Serra [1]	-	-	-
8	Mr. Alexandre Tagger [1]	2	-	-
9	Mr. Arvind Pachauri [2] Alternate Director to Mr. Pierre Laporte	-	-	-

[1] Appointed w.e.f 04.02.2011 [2] Appointed as an Alternate Director to Mr. Michel Serra on 04.02.2011 and due to Mr. Serra's presence in India on 25.02.2011, Mr. Pachauri ceased to be an Alternate Director. On 25.02.2011, Mr. Pachauri was appointed as alternate to Mr. Pierre Laporte.

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

Number of Board Meetings held during the year ended December 31, 2010: Five

Dates of the Board meetings

- February 12, 2010;
- April 23, 2010;
- July 23, 2010;
- September 22. 2010
- October 30, 2010

3. Disclosures regarding Directors' appointment and re-appointment

At the ensuing AGM, Mr. Pierre Joseph Jean Marie Laporte and Mr. Michel Augonnet, Directors, retiring by rotation, are proposed to be re-appointed.

At the Board Meeting held on February 4, 2011, Mr. T.S. Vishwanath and Mr. Vinod Kumar Dhall were appointed as Directors in the Casual Vacancy caused due to the resignations of Dr. Ajay Dua and Mr. Karim Vissandjee respectively. Mr. Vishwanath and Mr. Dhall have given a self declaration as Independent Directors and the same was accepted by the Board.

In the same meeting Mr. Michel Serra, Mr. Alexandre Tagger and Mr. Anil Chaudhry have been appointed as Additional Directors and Mr. Arvind Pachauri was appointed as an Alternate Director to Mr. Michel Serra on 04.02.2011 and due to Mr. Serra's presence in India on 25.02.2011, Mr. Pachauri ceased to be an Alternate Director. On 25.02.2011, Mr. Pachauri was appointed as alternate to Mr. Pierre Laporte.

At the Board Meeting held on 25.02.2011, Mr. C.M.A Nayar resigned from the Board.

Brief particulars of these Directors are as under:-

Mr. T.S. Vishwanath is a Bachelor of Commerce (Honours) from Delhi University and a Fellow Member of The Institute of Chartered Accountants of India. He is a distinguished Alumni Awardee – Shriram College of Commerce – Delhi University – 1996.

T.S. Vishwanath is a Practicing Chartered Accountant and served as President of Institute of Chartered Accountants of India (ICAI) from 1996 to 1997 and as President of South Asian Federation of Accountants in 1999. He is chairman of the standing committee on Accounting Issues (SCAI) of the Insurance Regulatory & Development Authority and co-chairman of Indo-UK Accounting Task Force. He was on the Board of International Accounting Standards (IASB) of International Accounting Standards Committee (IASC). He was a member of Committee on Substantial Acquisition of Shares & Takeover Regulations constituted by Securities and Exchange Board of India and Advisory Committee on the Primary Markets constituted by Securities and Exchange Board of India 1996. He has served in many committees constituted by Government of India, regulatory authorities, professional bodies and chamber of commerce from time to time.

He is presently on the Board of Mangalam Cement Ltd., Karnataka Bank Ltd. and LIC NOMURA Mutual Fund Asset Management Company Ltd.

He is also Chairman of the Audit Committee and Share Transfer and Shareholders/Investors Grievance Committee of the Company.

Mr. Michel Auggonet 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 36 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. Anil Chaudhry graduated as Electronics and Telecommunication Engineer from India and began his career in 1982 in Computer Industry.Anil joined the group in 1985 as Power Plant Control Engineer and shifted to T&D business in 1995. He held various positions in design, engineering, solution integration, project management, business development and general management in France and India throughout his career of 24 years in the energy sector.

During his career, Anil has been appreciated for his leadership, team building, and business development strategy and execution skills.

He is also on the Board of Energy Grid Automation Transformers and Switchgears India Limited and Smartgrid Automation Distribution and Switchgear Ltd.

Mr. Vinod Kumar Dhall entered the Indian Administrative Service in 1966 and retired as Secretary, Government of India. Subsequently, he was Member of the Competition Commission of India for about 5 years till he resigned and demitted office in july, 2008. During his career, he specialized in the fields of Corporate Affairs, Industry, Commerce and Finance, in which his total experience has been for about 27 years. This includes direct experience of running businesses as CEO of PSUs, economic regulatory experience etc.

Currently, Mr. Dhall heads law firm, Dhall Law Chambers, specializing in competition law and regulatory laws. He also advises / lectures on corporate governance issues and competition law and policy and is Visiting Professor / resource person at reputed academic and other institutions/organizations in India and abroad.

He is also on the Board of ICICI Prudential Life Insurance Company Limited, ICICI Prudential Trust Ltd and Asian Hotel (North) Ltd. He is also a member of Audit Committee and Share Transfer and Shareholders/Investors Grievance Committee.

Mr. Pierre Laporte, has a Master Degree in Business Law. His career started in 1987 as an Attorney specializing in Business Law. He has held several key positions in GE Group in the Europe, Middle East, Africa and in Asia Pacific. He joined AREVA in the year 2005 and at present, he is the Senior Vice President, Corporate Legal and General Counsel of AREVA Corporate, France.

Mr. Laporte is a member of the Audit Committee. He is also on the Board of Grid Equipments Ltd.

Mr. Michel Serra is a graduate of the Ecole National Superieure des Arts et Metiers (ENSAM). In 1981, he began his career at Alstom (Transmission & Distribution). Having held various management positions in Germany and Switzerland (1993-1999), Michel Serra was appointed Senior Vice-President of High-Voltage Products in 2001.

Following AREVA's acquisition of the Transmission & Distribution sector in 2004, Michel Serra managed the reorganisation as Chairman of the work council at AREVA T&D SA.

He joined Alstom Transport in June, 2006 and was appointed Director General of Alstom Transport SA in July 2007.

In June 2010, following the repurchase of the Transmission business from AREVA T&D, Michel was appointed Senior Vice-President of the Products Business Unit at Alstom Grid, a new sector for Alstom.

Mr. Alexandre Tagger started his career at JP Morgan in London in 1994 in Corporate Finance focusing on European domestic and cross-border mergers & acquisitions in the financial sector. Mr. Tagger joined Schneider Electric in Paris in 2004 and was promoted to Vice President, External Growth – Mergers & Acquisitions in 2007 and additionally named Global M&A Co-ordinator for the Group in 2008, Mr. Tagger was fully involved in the AREVA T&D consortium acquisition in partnership with Alstom, including the review and structuring with regard to AREVA T&D India. Since August 2010, Mr. Tagger is based in Delhi to oversee the statutory requirements under the open offer and other related formalities as per the consortium agreement.

Alexandre holds a graduate degree from Ecole de Management Lyon as well as a Master's of Business Administration from the University Of Texas Red McCombs Graduate School Of Business (1994).

He is also on the Board of Energy Grid Automation Transformers and Switchgears India Limited and Smartgrid Automation Distribution and Switchgear Ltd.

Mr. Arvind Pachauri, Associate Director-HR, is a qualified HR professional holding a Degree in Master of Social Welfare and Bachelor of Laws. He has more than 23 years of experience in various multinational companies. He joined the Company in July 2007.

None of the Directors of the Company are holding any shares in the Company.

4. Non-executive Directors Compensation and Disclosures

Non-executive Directors are not paid any compensation or any sitting fees. Sitting fees is paid to the independent Directors for attending the meeting.

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 Mr. Rathindra Nath Basu and the Chief Finance Officer Mr. Sunil Mathur, 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 31.12.2010 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:

Mr. T.S. Vishwanath - Chairman	Independent Member with Financial Management Expertise
Mr. Vinod Kumar Dhall	Independent Member
Mr. Pierre Laporte	Member

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 CFO, 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.

During the year 2010, the Audit Committee met five 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	Mr. T.S. Vishwanath [1]	N.A.
2	Dr. Ajay Dua [2]	5
3	Mr. Vinod Kumar Dhall [1]	N.A.
4	Mr. Pierre Laporte	2
5	Mr. C.M.A. Nayar [3]	5
6	Mr. Karim Vissandjee [2]	5

[1] Appointed w.e.f 04.02.2011 [2] Resigned w.e.f 04.02.2011 [3] Resigned w.e.f 25.02.2011

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.

9. Remuneration to Directors

Details of remuneration paid to the Directors, both executive and non-executive, during the year ended 31.12.2010 are as under:

A. Non-executive Directors				
Sl.No.	Names of Directors	Position (Rs.)	Sitting Fees Paid (Rs.)	Commission
1	Mr. T.S. Vishwanath [1]	Chairman (Non-executive)	N.A.	N.A.
2	Dr. Ajay Dua [2]	Chairman (Non-executive)	2,55,000	Nil
3	Mr. Michel Augonnet	Director	Nil	Nil
4	Mr. Vinod Kumar Dhall [1]	Director	N.A.	Nil
5	Mr. C.M.A. Nayar [3]	Director	2,00,000	Nil
6	Mr. Karim Vissandjee [2]	Director	1,20,000	Nil

[1] Appointed w.e.f 04.02.2011 [2] Resigned on 04.02.2011 [3] Resigned w.e.f 25.02.2011

Notes : (i) 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.

(ii) No sitting fees was paid to the non-executive Directors employed within Promoter 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	18,009,293*	Nil	18,009,293

* Includes supplementary bonus of Rs. 6,353,000 reimbursed by Parent Company

Note : Mr. Arvind Pachauri was appointed as an Alternate Director to Mr. Michel Serra on 04.02.2011 and due to Mr. Serra's presence in India on 25.02.2011, Mr. Pachauri ceased to be an Alternate Director. On 25.02.2011, Mr. Pachauri was appointed as alternate to Mr. Pierre Laporte.

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:

Mr. T.S. Vishwanath
Mr. Rathindra Nath Basu
Mr. Vinod Kumar Dhall

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, 2010.

11. 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	52nd Annual General Meeting	25th April 2008 10.00 a.m.	Kalamandir Auditorium 48 Shakespeare Sarani Kolkata-700 017
2	53rd Annual General Meeting	12th May 2009 10.00 a.m.	Kalamandir Auditorium 48 Shakespeare Sarani Kolkata-700 017
3	54th Annual General Meeting	23rd April, 2010 10.00 a.m.	FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi 110 001

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.

12. 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. The Company has not made any rights or public issue during the period covered by this report.

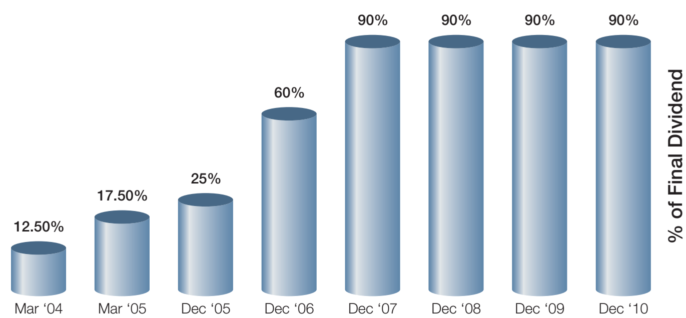
(iii) The Company has not adopted any Whistle Blower policy but it is confirmed that no personnel has been denied access to the Audit Committee.

(iv) It is confirmed that the mandatory requirements are complied with and the non mandatory provisions are adopted wherever necessary.

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.areva-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. Dividend History of the Company



15. 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 & 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 31.12.2010 (Amount in Rs.)	Due date for transfer
31.03.2004	474,373.00	18.08.2011
31.03.2005	759,138.00	12.10.2012
31.12.2005	1,134,459.01	21.06.2013
31.12.2006	2,658,540.00	11.12.2014
31.12.2007	4,035,420.00	01.06.2015
31.12.2008	4,187,903.40	17.06.2016
31.12.2009	4,570,918.20	29.05.2017

As a measure of good Secretarial Practice, the Company had during the year 2009, 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.

16. General Shareholder Information

a	AGM: Venue, Date and time	:	Air Force Auditorium, Subroto Park, New Delhi – 110 010 Wednesday the 4th day of May, 2011 at 9.30 A.M.
b	Financial Calendar	:	January to December
	For the Financial Year 2011		
	• First Quarter Results will be published during	:	April/May, 2011
	• Half Yearly Results will be published during	:	July, 2011
	• Third Quarter Results will be published during	:	October, 2011
	• Results for the fourth quarter and for the year ending on December 31, 2011, will be published during	:	February / March, 2012
c	Dates of Book Closure	:	From April 28, 2011 to May 4, 2011 (both days inclusive)
d	Dividend Payment Date	:	Dividend if approved at the AGM will be paid on or after May 7, 2011
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 2010-11 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

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

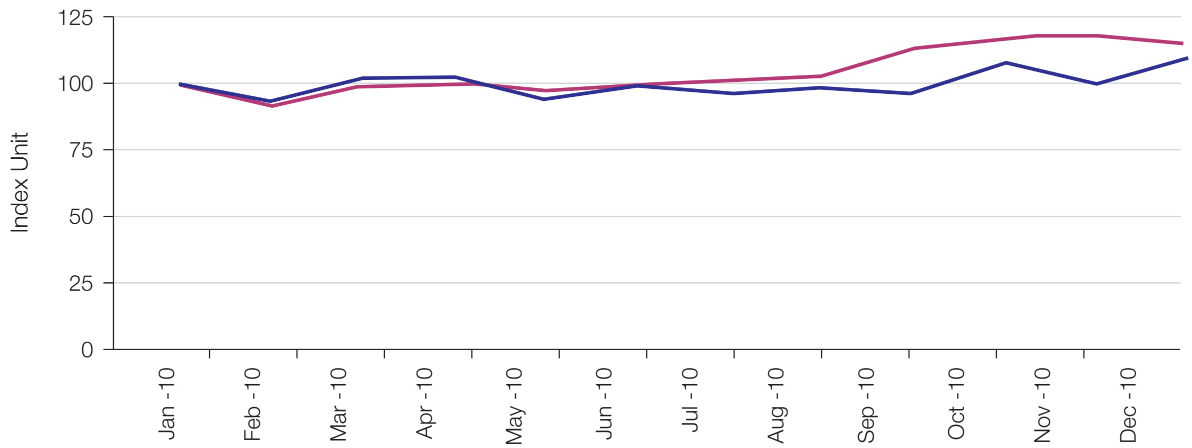
	AREVA T&D India Ltd Share prices on BSE		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January '10	306.00	261.05	17790.33	15982.08
February '10	288.95	256.70	16669.25	15651.99
March '10	315.20	261.00	17793.01	16438.45
April '10	319.00	265.00	18047.86	17276.80
May '10	292.05	232.50	17536.86	15960.15
June '10	307.20	284.25	17919.62	16318.39
July '10	298.00	240.00	18237.56	17395.58
August '10	305.00	275.00	18475.27	17819.99
September '10	299.90	289.00	20267.98	18027.12
October '10	331.45	290.05	20854.55	19768.96
November '10	309.90	265.50	21108.64	18954.82
December '10	336.50	275.55	20552.03	19074.57

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 '10	306.00	261.00	5310.85	4766.00
February '10	289.00	255.00	4992.00	4675.40
March '10	315.40	262.15	5329.55	4935.35
April '10	319.00	265.50	5399.65	5160.90
May '10	289.60	233.20	5278.70	4786.45
June '10	309.00	275.50	5366.75	4961.05
July '10	296.90	284.00	5477.50	5225.60
August '10	304.90	251.55	5549.80	5348.90
September '10	299.95	289.00	6073.50	5403.05
October '10	333.00	290.00	6284.10	5937.10
November '10	309.90	263.10	6338.50	5690.35
December '10	336.70	299.60	6147.30	5721.15

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

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

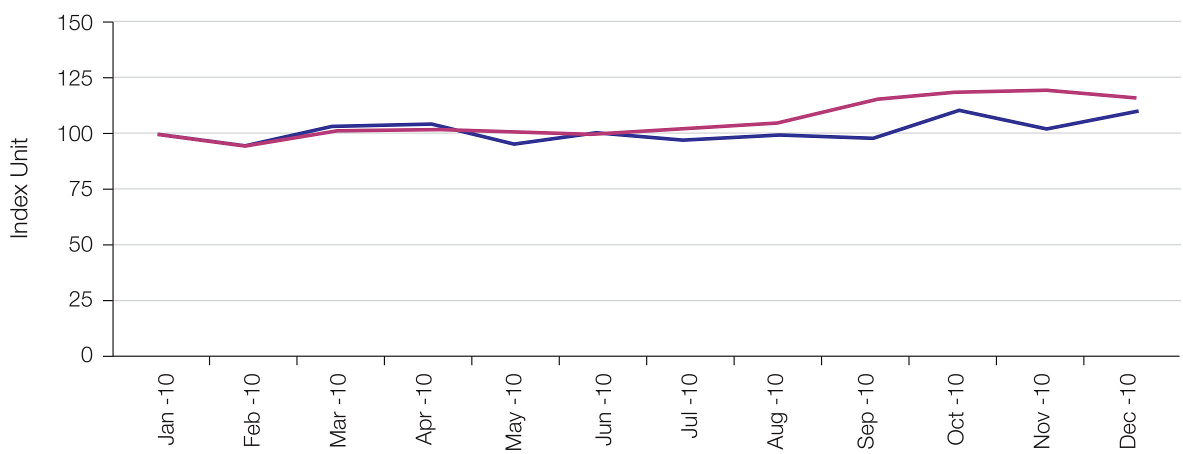


AREVA T&D India Ltd Share price as in January 2010 Rs. 306.00 = 100 units
BSE Sensex as in January 2010 17790.33 = 100 units

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 2010 Rs. 306.00 = 100 units
S&P CNX Nifty as in January 2010 5310.85 = 100 units

AREVA T&D India Ltd S&P CNX Nifty

i) Shareholding pattern as on December 31, 2010

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	Insurance Companies		22,792,228	9.53
3	Financial Institutions and Banks		135,815	0.06
4	UTI and other Mutual Funds		9,583,561	4.01
5	Foreign Institutional Investors		2,817,146	1.18
6	Corporate Bodies		6,999,665	2.93
7	Non-resident Indians, Overseas Corporate Bodies & Foreign Nationals		734,244	0.30
8	Directors and their Relatives		-	-
9	General Public		23,239,854	9.72
10	Others – Clearing Member		205,667	0.09
	Others – Trust		9,350	0.00
	Others – State Government		605	0.00
	Total		239,104,035	100.00

Note : Consequent to the completion of the Open Offer, ALSTOM Sextant 5 SAS and others (Acquirers / Foreign Principals) had paid for 2,906,624 (1.22%) equity shares tendered by the shareholders in the Open Offer. These shares were held in Trust by the Registrar to the Offer and transferred to the Acquirer's Account (ALSTOM Sextant 5 SAS) in January 2011. As on date the Promoter Group holding is 175,492,524 (73.40%) equity shares.

j) Distribution of Holdings as on December 31, 2010

Category		No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1	- 500	50,649	85.78	6,380,558	2.67
501	- 1000	3,785	6.41	2,973,952	1.24
1001	- 2000	2,148	3.64	3,232,191	1.35
2001	- 3000	910	1.54	2,320,954	0.97
3001	- 4000	452	0.77	1,635,736	0.68
4001	- 5000	298	0.50	1,397,558	0.59
5001	- 10000	517	0.88	3,710,683	1.55
10001	50000	233	0.39	3,962,598	1.66
50001	100000	15	0.02	1,104,919	0.46
100001	And Above	40	0.07	212,384,886	88.83
	Total	59,047	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

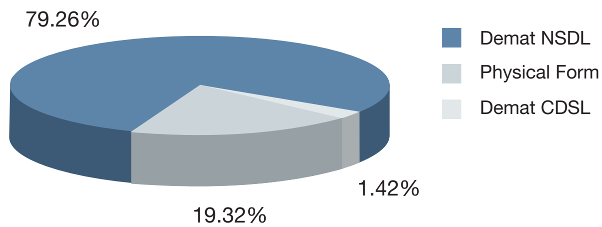
A Committee of Directors - Share Transfer and Shareholders/ Investors Grievance Committee, was constituted to approve the transfers and transmissions of shares, issue of duplicate share certificates and allied matters. In addition to the above, to expedite the share transfer process Mr. C.S. Ashok Kumar, 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, 2010 a total of 192906168 equity shares of the Company, constituting 80.68% of the paid-up share capital, stand dematerialised.

Dematerialisation of Shares



n) Secretarial Audit Report

As stipulated by the SEBI a qualified Practicing 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

T.S. Vishwanath
Chairman

New Delhi
March 16, 2011

Declaration by the Managing Director under 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 31.12.2010.

New Delhi
March 16, 2011

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 ("Company") for the year ended December 31, 2010, 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, 2010, 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

Bhavani Balasubramanian
Partner
Membership No. 22156

New Delhi
March 16, 2011

Auditor's **Report**

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

1. We have audited the attached Balance Sheet of AREVA T&D India Limited (the "Company") as at December 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date both 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.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227 (4A) 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.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   (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 it 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ;

   (v) 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, 2010;

      (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.

5. On the basis of written representations received from the Directors as on December 31, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on December 31, 2010 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act 1956.

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

Bhavani Balasubramanian
Partner
Membership No. 22156

New Delhi
February 25, 2011

(i) Having regard to the nature of the Company's business/activities/result, clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation 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.

(iii) In respect of its inventories:

a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

b) In our opinion and according to the information and explanation 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.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) 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.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of power transformers 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. 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.

(ix) According to the information and explanations given to us in respect of statutory dues:

a) 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, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at December 31, 2010 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, Wealth Tax, Service Tax, Custom Duty, Excise Duty and cess which have not been deposited as on December 31, 2010, with the appropriate authorities on account of disputes except for dues referred to in note 22 (b) to (f) to the financial statements.

(x) 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.

(xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short- term basis have not been used during the year for long- term investment.

(xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

Bhavani Balasubramanian
Partner
Membership No. 22156

New Delhi
February 25, 2011

Balance Sheet as at December 31, 2010

(Rupees Thousands)

	Notes	December 2010	December 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	2	478,208	478,208
Reserves and surplus	3	9,545,511	8,187,705
		10,023,719	8,665,913
Loan Funds			
Unsecured loans	4	8,956,978	7,676,119
		8,956,978	7,676,119
Deferred tax liability (Net)	14	38,130	-
		19,018,827	16,342,032
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		11,948,871	10,838,634
Less: Accumulated depreciation		3,233,483	2,454,718
Net block		8,715,388	8,383,916
Capital work-in-progress (including Capital advances)		223,870	518,875
		8,939,258	8,902,791
Investments	6	2,034	34
Deferred tax asset (Net)	14	-	100,089
Current Assets, Loans and Advances			
Inventories	7	4,808,383	3,790,460
Sundry debtors	8	21,400,177	15,994,357
Cash and bank balances	9	1,199,271	1,325,302
Other current assets	10	5,140,808	4,474,711
Loans and advances	11	3,191,592	3,173,978
		35,740,231	28,758,808
Less: Current Liabilities and Provisions			
Liabilities	12	24,635,641	20,320,820
Provisions	13	1,027,055	1,098,870
		25,662,696	21,419,690
Net Current Assets		10,077,535	7,339,118
		19,018,827	16,342,032

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

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Bhavani Balasubramanian	Rathindra Nath Basu	Alexandre Tagger	C.S. Ashok Kumar
Partner	Managing Director	Director	Secretary

New Delhi
February 25, 2011

Profit and Loss Account for the year Ended December 31, 2010

(Rupees Thousands)

	Notes	December 2010	December 2009
INCOME			
Sales and services (Gross)	37	42,672,144	37,241,211
Less : Excise duty		(2,471,786)	(1,582,445)
Sales and services (Net)		40,200,358	35,658,766
Other income	15	169,421	173,112
		40,369,779	35,831,878
EXPENDITURE			
Materials and Project related costs (Net)	16	27,531,274	24,925,936
Employee costs	17	3,460,252	2,924,400
Other manufacturing, administration and selling expenses	18	4,971,008	3,793,615
Interest (Net)	19	655,011	578,598
Depreciation / Amortisation	20	936,010	611,289
		37,553,555	32,833,838
Operating Profit before Restructuring, relocation and sale of property		2,816,224	2,998,040
Restructuring and relocation Costs		-	(83,286)
Profit on sale of property		-	15,500
Profit Before Tax		2,816,224	2,930,254
Provision for taxation - Current	14	(810,592)	(710,087)
Provision for taxation - Deferred	14	(138,219)	(287,141)
Fringe benefit tax		-	(13,000)
Profit After Tax		1,867,413	1,920,026
Balance brought forward from previous year		5,518,405	4,293,913
Profit available for appropriations		7,385,818	6,213,939
Appropriations :			
Proposed dividend		430,387	430,387
Corporate dividend tax		71,482	73,144
General reserve		187,000	192,003
Balance carried over to the balance sheet		6,696,949	5,518,405
		7,385,818	6,213,939
Basic and Diluted earnings per share of Rs 2/- each (in Rupees)	41	7.81	8.03

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

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Bhavani Balasubramanian
Partner

Rathindra Nath Basu
Managing Director

Alexandre Tagger
Director

C.S. Ashok Kumar
Secretary

New Delhi
February 25, 2011

Cash Flow Statement for the year ended December 31, 2010

(Rupees Thousands)

		December 2010	December 2009
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit before tax	2,816,224	2,930,254
	Adjustments for:		
	Restructuring and relocation costs	-	83,286
	Profit on sale of Property	-	(15,500)
	Provision for contract losses	-	76,646
	Provision for doubtful debts	91,565	(15,069)
	Bad debts / advances written off (net)	269,248	184,781
	Exchange fluctuation unrealised (net)	421,969	342,572
	Depreciation	936,010	611,289
	Interest income	(1,685)	(655)
	Interest paid	656,696	579,253
	Profit on sale of fixed assets (net)	(241)	(4,662)
	Operating profit before working capital changes	5,189,786	4,772,195
	Adjustments :		
	Increase in Trade and other receivables	(6,705,436)	(6,376,991)
	Decrease / (Increase) in Inventories	(1,017,923)	71,651
	Increase in Trade payables, liabilities and provisions	4,203,929	5,093,344
	Cash generated from operations	1,670,356	3,560,199
	Income tax / Fringe benefits tax paid, net of refunds	(595,000)	(1,281,500)
	Net cash generated from operating activities	**1,075,356**	**2,278,699**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Capital expenditure (including capital advances)	(1,137,424)	(3,224,163)
	Proceeds from sale of fixed assets	2,264	21,936
	Proceeds from sale of property / investments	-	15,500
	Interest received	1,685	655
	Net cash used in investing activities	**(1,133,475)**	**(3,186,072)**
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from short term loans, net	1,079,322	2,624,011
	Proceeds from ECB	-	247,603
	Interest paid	(650,187)	(595,167)
	Dividend and Unclaimed dividend paid / remitted, including Dividend tax	(500,289)	(499,084)
	Net cash (used in) / generated from financing activities	**(71,154)**	**1,777,363**
	Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(129,273)**	**869,990**
	Opening balance of cash and cash equivalents	1,310,723	440,733
	Closing balance of cash and cash equivalents**	1,181,450	1,310,723

** excludes Unpaid dividend accounts of Rs 17,821 thousands (December 2009 - Rs 14,579 thousands)

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Bhavani Balasubramanian	Rathindra Nath Basu	Alexandre Tagger	C.S. Ashok Kumar
Partner	Managing Director	Director	Secretary

New Delhi
February 25, 2011

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 year.

(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, whererver applicable:

Buildings /Leasehold improvements	2.5%, 4.0% and 33.3%
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.

(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

i) Provident Fund : the contributions made to regional provident fund are expensed to profit and loss account as and when such contributions are due. In other cases the Company contributes to a recognized trust and contributions are expensed to Profit and loss when such amounts are due. 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. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future, in excess of the amount already provided for as per the management estimates.

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, a defined contribution plan, and the same is expensed to Profit and loss account. The company has no liability other than its annual contribution.

iii) Gratuity : The Company makes contribution to a scheme administered by the Life Insurance Corporation of India ('LIC') to discharge gratuity liabilities to the employees, a defined benefit plan. The Company accounts its liability for future gratuity payouts based on actuarial valuation, as at balance sheet date, determined by LIC using the projected unit credit method and are funded.

In case of managerial employees in addition to the ceiling defined under the Gratuity Act, certain additional amounts are paid depending upon the period served for the company. This additional gratuity is also determined by an actuarial valuation as on the balance sheet date, but is not funded through a separate corpus. Effects of changes in actuarial valuations are immediately recognized in the profit and loss account.

iv) 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 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 is determined 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 substantively 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.

(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 2010	December 2009
Authorised 627,500,000 equity shares of Rs 2/- each (December 2009 - 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 2009 - 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 2009 - 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:

ALSTOM Grid SAS France	132,919,225	55.59%
T&D Holdings, France	27,893,950	11.67%
Long & Crawford Limited	11,772,725	4.92%
Total Promoter and Promoter group (Refer Note 44)	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. 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 of Rs 10/- each, kept in abeyance, 514 shares of Rs 10/- each, were allotted upto 2001/02.

e) The equity shares of Rs 10/- each of the Company were sub-divided into five shares of Rs 2/- each with effect from October 31, 2008.

3. RESERVES AND SURPLUS

(Rupees Thousands)

	As at January 1, 2010	Additions and transfers	Withdrawals and transfers	As at December 31, 2010
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	12,362	-	7,738	4,624
General reserve	1,768,483	187,000	-	1,955,483
	2,669,300	187,000	7,738	2,848,562
Balance in Profit and loss account	5,518,405			6,696,949
	8,187,705			9,545,511

(Rupees Thousands)

	December 2010	December 2009
4. UNSECURED LOANS (including interest accrued and due)		
From banks - short term		
Packing credit	4,596,177	1,270,196
Other loans	3,789,224	5,769,369
From Others - Long term :		
External Commercial Borrowings ("ECB")	571,577	636,554
	8,956,978	7,676,119

Note : a) ALSTOM Grid SAS, France has provided comfort letter to the bankers on loans taken.

b) Short term loans from banks includes overdraft of Rs 262,294 thousand (December 2009 - Rs Nil) and foreign currency loan of US$ 85,800 thousand (December 2009 - US$ 26,000 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 till date (sanctioned amount of 13,000 thousand) from ALSTOM Grid SAS, France, for financing expansion plans, repayable on June 30, 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, 2010	Additions during the year	Disposals / adjustments during the year	Cost / valuation as at December 31, 2010
GROSS BLOCK				
Tangible assets				
Freehold land	531,408	1,432	-	532,840
Leasehold land	9,655	-	-	9,655
Buildings (including those on leasehold land)	3,562,084	371,579	57	3,933,606
Leasehold improvements	215,724	1,530	17	217,237
Plant and machinery	4,836,129	765,935	84,888	5,517,176
Furniture and fittings, and Office equipment	1,103,906	134,873	81,439	1,157,340
Motor vehicles	20,344	1,894	605	21,633
Intangible assets				
Goodwill	323,538	-	-	323,538
Assets held for Sale				
Freehold land	82,824	-	-	82,824
Leasehold land	753	-	-	753
Buildings	152,269	-	-	152,269
	10,838,634	1,277,243	167,006	11,948,871
Previous year	4,075,221	7,042,384	278,971	10,838,634
ACCUMULATED DEPRECIATION				
Tangible assets				
Freehold land	-	-	-	-
Leasehold land	3,889	4,305	-	8,194
Buildings (including those on leasehold land)	222,443	155,599	46	377,996
Leasehold improvements	128,715	56,926	17	185,624
Plant and machinery	1,172,750	513,120	84,888	1,600,982
Furniture and fittings, and Office equipment	531,813	206,057	79,511	658,359
Motor vehicles	13,409	2,901	521	15,789
Intangible assets				
Goodwill	323,538	-	-	323,538
Assets held for Sale				
Freehold land	-	-	-	-
Leasehold land	177	-	-	177
Buildings	57,984	4,840	-	62,824
	2,454,718	943,748	164,983	3,233,483
Previous year	2,104,413	612,002	261,697	2,454,718
NET BLOCK				
Tangible assets				
Freehold land	531,408			532,840
Leasehold land	5,766			1,461
Buildings (including those on leasehold land)	3,339,641			3,555,610
Leasehold improvements	87,009			31,613
Plant and machinery	3,663,379			3,916,194
Furniture and fittings, and Office equipment	572,093			498,981
Motor vehicles	6,935			5,844
Intangible assets				
Goodwill	-			-
Assets held for Sale				
Freehold land	82,824			82,824
Leasehold land	576			576
Buildings	94,285			89,445
	8,383,916			8,715,388
Previous year	1,970,808			8,383,916
Capital work-in-progress (including capital advances)	518,875			223,870
	8,902,791			8,939,258

Notes:

a) 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 339,088 thousand has been so far transferred to profit and loss account as an adjustment against depreciation / sale of assets.

b) 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.

c) Net block includes fixed assets held outside India - Rs 1,035 thousand (December 2009 - Rs 5,675 thousand).

(Rupees Thousands)

	December 2010	December 2009
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
Investments in wholly owned subsidary companies (Refer Note 45):		
500,000 shares of Rs 2/- each fully paid up in Grid Equipments Limited	1,000	-
500,000 shares of Rs 2/- each fully paid up in Energy Grid Automation Transformers and Switchgears India Limited	1,000	-
	2,034	34
7. INVENTORIES		
Stores and spare parts	2,396	503
Raw materials and components (including goods-in-transit - Rs 250,367 thousands (December 2009 - 235,741 thousands))	1,715,960	1,926,220
Work-in-progress	2,724,292	1,672,849
Finished goods	365,735	190,888
	4,808,383	3,790,460

Note : Finished goods include excise duty payable of Rs 24,784 thousand (December 2009 - Rs 14,343 thousand) relating to items held at manufacturing units awaiting despatch.

	December 2010	December 2009
8. SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured - considered good	1,442,117	969,579
- considered doubtful	468,864	377,299
	1,910,981	1,346,878
Other Debts - considered good		
Unsecured	19,958,060	15,024,778
	19,958,060	15,024,778
	21,869,041	16,371,656
Less : Provision for doubtful debts	(468,864)	(377,299)
	21,400,177	15,994,357

Note : Retention monies considered good and included in other debts outstanding Rs 5,350,245 thousand (December 2009 - Rs 4,038,447 thousand)

(Rupees Thousands)

		December 2010	December 2009
9.	**CASH AND BANK BALANCES**		
	Cash on hand	-	-
	Balances with scheduled banks		
	In Current accounts [including cheques on hand Rs 497,733 thousand December 2009 - Rs 812,559 thousand); Remittance in Transit Rs 36,113 thousand (December 2009 - Rs 93,935 thousand)]	1,172,670	1,150,398
	In deposit accounts	1,674	3,756
	In unpaid dividend accounts	17,821	14,579
	Balances with other Banks - in current accounts		
	Citi Bank, Kenya (Maximum amount outstanding during the year - Rs 72,508 thousands (December 2009 - Rs 72,190 thousands))	7,106	20,053
	BNP Paribas, Qatar (Maximum amount outstanding during the year - Rs 136,516 thousands (December 2009 - Rs 421,899 thousands))	-	136,516
		1,199,271	1,325,302
10.	**OTHER CURRENT ASSETS**		
	Contract revenue in excess of billing	5,140,808	4,474,711
		5,140,808	4,474,711
11.	**LOANS AND ADVANCES - Unsecured, considered good**		
	Advances recoverable in cash or in kind or for value to be received	1,705,674	1,684,846
	Deposits	361,317	255,404
	Income-tax (net of provision for tax Rs 4,176,969 thousand (December 2009 - Rs 3,380,661 thousand))	158,172	280,421
	Balances with excise authorities	949,702	949,088
	Balances with customs and port trust authorities	16,727	4,219
		3,191,592	3,173,978
12.	**CURRENT LIABILITIES**		
	Acceptances	691,210	405,494
	Sundry creditors		
	Dues to Micro enterprises and Small enterprises	828,486	497,264
	Dues to other than Micro enterprises and Small enterprises	7,561,384	6,643,260
	Other liabilities	10,589,120	7,967,238
	Payments received in advance from customers	4,947,620	4,792,985
	Unclaimed dividend **	17,821	14,579
		24,635,641	20,320,820
	** Represents Dividend warrants issued but not encashed and there is no amount falling due as at December 31, 2010 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 11,034 thousand (December 2009 - Rs 15,044 thousand)]	23,929	35,424

(Rupees Thousands)

		December 2010	December 2009
13.	**PROVISIONS**		
	Contract losses	41,872	72,239
	Warranties	228,370	220,689
	Compensated leave	212,330	187,529
	Additional Gratuity	42,614	114,882
	Proposed dividend	430,387	430,387
	Tax on proposed dividend	71,482	73,144
		1,027,055	1,098,870
14.	**TAXATION**		
	a) Current tax :		
	Current tax is determined in respect of taxable income for the year ended December 31, 2010. The ultimate tax liability will be determined on the basis of taxable income for the period April 01, 2010 to March 31, 2011		
	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	32,030	46,286
	Disallowances under Section 43B of the Income tax Act, 1961	81,282	107,629
	Provisions	219,055	216,920
	Others	-	11,513
		332,367	382,348
	Deferred tax liabilities arising on Timing differences on account of :		
	Depreciation on fixed assets	353,214	282,259
	Others	17,283	–
		370,497	282,259
	Deferred tax asset (Net)	(38,130)	100,089
15.	**OTHER INCOME**		
	Profit on sale of fixed assets (net)	241	4,662
	Scrap sales	130,182	130,152
	Rent received	1,226	1,244
	Miscellaneous income	37,772	37,054
		169,421	173,112
16.	**MATERIALS AND PROJECT RELATED COSTS (NET)**		
	Raw materials and components consumed	28,757,564	24,533,911
	Opening stock of Work-in-progress	1,672,849	2,097,884
	Less : Closing stock of Work-in-progress	2,724,292	1,672,849
	(Increase) / Decrease in Work-in-progress	(1,051,443)	425,035
	Opening stock of Finished goods	190,888	157,878
	Less : Closing stock of Finished goods	365,735	190,888
	(Increase) in Finished goods	(174,847)	(33,010)
		27,531,274	24,925,936

(Rupees Thousands)

		December 2010	December 2009
17.	**EMPLOYEE COSTS**		
	Salaries, wages, bonus etc.	2,876,422	2,383,046
	Contribution to provident and other funds	313,278	289,909
	Welfare expenses	270,552	251,445
		3,460,252	2,924,400
18.	**OTHER MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES**		
	Consumption of stores and spare parts	146,760	95,336
	Power and fuel	239,727	172,831
	Rent	144,246	129,406
	Rates and taxes	164,252	100,278
	Repairs and maintenance		
	Buildings	163,530	145,352
	Plant and machinery	94,971	73,771
	Others	173,592	121,453
	Insurance	92,546	95,863
	Directors' sitting fees	575	395
	Royalty and technical know-how	272,850	131,348
	Freight and octroi	807,258	475,279
	Travelling	657,117	612,954
	Postage and telephone	90,662	79,242
	Amount paid / payable to Auditors		
	Audit fee	6,300	5,000
	Tax audit fee	1,000	1,000
	Quarterly / Half yearly review	1,500	1,000
	Transfer pricing	1,000	950
	Other services	-	4,410
	Reimbursement of expenses	200	200
	Bank charges and foreign exchange variation cost (net) - Refer Note 36	493,495	183,512
	Contract losses	-	76,646
	Provision for doubtful debts	91,565	(15,069)
	Bad debts written off (net)	269,248	184,781
	Trade mark fees	328,579	281,224
	Data Management charges	314,002	391,413
	Excise duty on stock differential - Refer Note 26	10,441	2,035
	Miscellaneous expenses	405,592	443,005
		4,971,008	3,793,615
19.	**INTEREST, Net**		
	Interest paid - On fixed loans	466,038	431,136
	- Others	190,658	148,117
	Interest earned on deposits etc. (Gross)	(1,685)	(655)
	(Tax deducted at source Rs 133 thousand; December 2008 - Rs 148 thousand)		
		655,011	578,598

(Rupees Thousands)

		December 2010	December 2009
20.	**DEPRECIATION / AMORTISATION**		
	Leasehold land	4,305	161
	Buildings (including those on leasehold land)	155,599	87,299
	Leasehold improvements	56,926	54,860
	Plant and machinery	513,120	294,338
	Furniture and fittings, and Office equipment	206,057	158,670
	Motor vehicles	2,901	2,796
	Intangible assets - Goodwill	-	8,295
	Assets held for sale - Buildings	4,840	5,583
		943,748	612,002
	Less: Amount transferred from fixed asset revaluation reserve	(7,738)	(713)
		936,010	611,289
21.	**COMMITMENTS**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for in these accounts (net of advances)	207,349	448,286
22.	**CONTINGENT LIABILITIES IN RESPECT OF**		
	(a) Legal cases against the Company not acknowledged as debts	123,575	23,012
	(b) Sales tax and Excise demands against which the Company has filed appeals	138,897	65,627

Name of the Statute	Nature of Dues	Rupees thousands	Period	Forum where dispute is pending
Central Sales Tax Act	Enhancement of Turnover & Non submission of declaration forms	1,090	1988-89,1993-94 & 2002-3	Additional Commissioner
Central Sales Tax Act	Non submission of Declaration forms	4,545	2004 to 2006	Assistant Commissioner
Central Sales Tax Act	Non submission of Declaration forms	9,679	2005-06 & 2007-08 & 2002 to 04 & 1989 to 91	Deputy Commissioners (Various states)
Central Sales Tax Act	Non submission of Declaration forms	7,859	2002-03	High Court of Kolkata
Central Sales Tax Act	Non submission of Declaration forms	68,054	1989-90, 1993-94, 1995-96, 1997-98, 2003 to 06	Revision Board (West Bengal)
Central Sales Tax Act	Non receipt of Central Forms & Input tax claim disallowed	42,096	2007-08	Sr. Joint Commissioner (Appeals)
Local Sales Tax Act	Consignment Seizure case	3,538	2006 to 2008 & 2009-10	Joint Commissioner (Appeals)
Local Sales Tax Act	Consignment Seizure case	1,061	2002-03	Joint Commissioner
Local Sales Tax Act	Levy of Penalty for want of proof of export documents	975	1991-92	Sales tax Tribunal
		138,897		

Amount deposited as at December 31, 2010 is Rs 6,418 thousand (December 2009 - Rs 2,608 thousand)

(c) The Company has received demand for excise/ service tax amounting to Rs 533,791 thousand (December 2009 - Rs 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 710,315 thousand (December 2009 - 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. Amount deposited as at December 31, 2010 is Rs 19,660 thousand (December 2009 - Rs 23,470 thousand).

(e) 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 had filed a fresh writ petition before the Madras High Court challenging the constitutional validity of the retrospective amendment to Section 54EC itself in the year 2009. The said writ was admitted and pending disposal. The status as at December 31, 2010 remains same.

(f) The company has estimated Rs 150,051 thousand (December 2009 - Rs 42,256 thousand) of potential income tax risk relating to certain disallowances and consequential interest relating to various assessment years.

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

(Rupees Thousands)

		December 2010	December 2009
23.	**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.		
24.	**DIRECTORS' REMUNERATION**		
	Salaries and bonus**	15,246	12,744
	Contribution to provident and other funds	1,964	1,824
	Perquisites	798	1,905
	Sitting fees	575	395
		18,583	16,868

Note : Excludes provision for compensated leave and gratuity, as actuarial valuation is done on a total company basis.

** Includes supplementary bonus of Rs 6,353 thousand (December 2009 - Rs 5,225 thousand), reimbursed by parent company

		December 2010	December 2009
25.	**DISCLOSURE PURSUANT TO ACCOUNTING STANDARD AS-7 "CONSTRUCTION CONTRACT" (REVISED):**		
	Contract revenue recognised for the year	20,351,186	18,727,826
	Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	56,601,782	38,662,464
	Gross amount due from customers for contracts in progress	15,027,533	11,424,734
	Gross amount due to customers for contracts in progress	2,348,358	2,429,690

26. 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".

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

(Rupees Thousands)

		December 2010		December 2009	
	Units	Quantity	Value	Quantity	Value
Ferrous Metals	MT	21,563	2,900,892	13,656	2,232,233
Non Ferrous Metals	MT	8,711	3,504,672	5,421	2,060,511
Components	*		20,213,083		19,075,532
Others			2,138,917		1,165,635
			28,757,564		24,533,911

* 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.

28. VALUE OF RAW MATERIALS AND COMPONENTS CONSUMED

	December 2010		December 2009	
	Value	%	Value	%
Imported	4,290,787	15	4,959,297	20
Indigenous	24,466,777	85	19,574,614	80
Total	28,757,564	100	24,533,911	100

Note : Imported consumption include items considered for Qatar contract

(Rupees Thousands)

		December 2010	December 2009
29.	**EARNINGS IN FOREIGN EXCHANGE**		
	FOB value of exports	5,280,455	8,398,406
	IDA / IBRD aided projects	895,136	1,993,213
	Deemed exports	1,021,187	379,042
	Service income	39,463	58,632
		7,236,241	10,829,293
	Note : FOB value of exports include milestone revenue on Qatar contract		
30.	**VALUE OF IMPORTS ON CIF BASIS**		
	Raw materials and components	5,658,507	5,298,722
	Spares	8,356	9,089
	Capital goods	148,309	1,587,774
		5,815,172	6,895,585
	Note : Raw materials and components includes consumption considered for Qatar contract.		
31.	**EXPENDITURE IN FOREIGN CURRENCY** (subject to withholding of tax where applicable)		
	Royalty and technical know-how	272,850	131,348
	Interest	103,615	127,703
	Trade mark fees	328,579	281,224
	Travelling expenses	62,068	86,232
	Data Management charges	223,704	280,032
	Other expenses	538,310	324,949
		1,529,126	1,231,488
32.	**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-09	Dec-08
33.	**RESEARCH AND DEVELOPMENT**		
	Total revenue expenditure included under appropriate heads of expenditure	57,323	77,954

34. 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 recognised mark to market net losses of Rs. 199,136 thousand (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) under Note 18.

Significant forward contracts outstanding at December 31, 2010:

Foreign Correcncy	No. of Contracts	Amount in Foreign currency	Amount in Rupees thousands
Imports / Loans			
Swiss Franc (CHF)	9 (37)	2,174 (7,538)	106,897 (342,730)
Euro(EUR)	207 (222)	40,689 (51,695)	2,480,690 (3,489,721)
US Dollar (USD)	99 (79)	102,558 (39,768)	4,655,455 (1,859,576)
Pound Sterling(GBP)	3 (6)	166 (206)	11,665 (15,471)
Exports			
Euro(EUR)	42 (58)	6,068 (10,925)	367,347 (734,755)
Pound Sterling(GBP)	23 (-)	1,181 (-)	82,737 (-)
US Dollar (USD)	135 (67)	40,394 (34,315)	1,860,416 (1,607,504)
Qatari Riyal (Hedged with USD)	8 (-)	52,719 (-)	189,660 (-)

Note: Figures in brackets are for the previous year.

35. DERIVATIVE INSTRUMENTS

(Rupees Thousands)

	December 2010	December 2009
Exchange differences (net) included in bank charges and foreign exchange variation costs (net)	393,816	59,514
Premium on account of forward contracts taken during the year pertaining to future accounting period	50,494	16,426
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	1,171,213	1,181,608
ii) Forward cover for import creditors / unsecured loans outstanding	5,470,611	2,891,896
iii) Forward cover for expected future sales or highly probable forecast transaction	3,154,589	4,009,087

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

(Rupees Thousands)

	Opening Balance	Additions	Release	Withdrawals	Closing Balance
1. Provision for Warranties	220,689 (221,220)	69,600 (54,513)	61,919 (55,044)	- (-)	228,370 (220,689)
2. Provision for Contract losses	72,239 (28,296)	- (76,646)	- (-)	30,367 (32,703)	41,872 (72,239)

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.

37. CAPACITIES, PRODUCTION, STOCK AND TURNOVER

	Class of goods	Units	Annual installed capacity	Opening stock of finished goods		Production of finished goods	Turnover/services of finished goods		Closing stock of finished goods	
				Quantity	Amount Rupees Thousands	Quantity	Quantity	Amount Rupees Thousands	Quantity	Amount Rupees Thousands
1	Switchgear - All types	Nos.	280,850	3,161	96,797	272,773	240,636	9,332,183	3,258	225,229
			(242,050)	(2,105)	(67,125)	(217,531)	(182,120)	(7,816,370)	(3,161)	(96,797)
2	Control panels	Nos.	2,000	-	-	1,801	1,801	501,720	-	-
			(2,000)	(-)	(476)	(2,106)	(2,106)	(661,966)	(-)	(-)
3	Transformers and reactors	MVA	30,075	-	-	28,917	-	-	-	-
			(30,075)	(-)	(-)	(14,642)	(-)	(-)	(-)	(-)
		Nos.	-	177	25,948	1,741	1,602	12,280,443	141	32,055
			(-)	(233)	(55,151)	(1,084)	(1,037)	(8,031,059)	(177)	(25,948)
4	Vacuum interrupter	Nos.	55,000	-	-	45,657	1,941	87,675	-	-
			(36,000)	(-)	(-)	(29,629)	(1,454)	(96,258)	(-)	(-)
5	Project items		-	-	-	-	-	18,286,722	-	-
	(including services)		(-)	(-)	(-)	(-)	(-)	(18,705,992)	(-)	(-)
6	Line Traps	Nos.	1,500	76	6,578	1,407	1,023	218,627	150	18,081
			(1,500)	(131)	(5,339)	(1,277)	(1,159)	(214,023)	(76)	(6,578)
7	Current Transformers	Nos.	3,393	186	38,845	2,854	1,490	569,629	230	71,578
			(3,393)	(75)	(7,887)	(2,990)	(1,316)	(547,670)	(186)	(38,845)
8	Bushing	Nos.	7,000	33	488	3,309	2,287	245,596	77	2,428
			(7,000)	(38)	(1,312)	(2,774)	(2,055)	(250,241)	(33)	(488)
9	Others including spares		-	-	22,232	-	-	1,149,549	-	16,364
			(-)	(-)	(20,588)	(-)	(-)	(917,632)	(-)	(22,232)
	Total Gross value including				190,888			42,672,144		365,735
	excise duty				(157,878)			(37,241,211)		(190,888)

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.

38. 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 :	ALSTOM Grid SAS, France (Holding Company),
	ALSTOM Sextant 5 SAS, France, a special purpose vehicle formed with Alstom Holdings, holding 70% and Schneider Electric Services Holdings, holding 30%. T&D Holding, France (Parent of Holding Company)

(ii) Other related parties with whom transactions have taken place during the year:

Subsidiaries :

GRID Equipments Limited	Energy Grid Automation Transformers and Switchgears India Limited

Fellow subsidiaries :

ALSTOM (Yangzhou) High Voltage Bus-Ducts Co. Ltd, China	AREVA T&D Iberica S.A, Spain
ALSTOM GRID AG, Switzerland	AREVA T&D Messwandler Gmbh, Germany
ALSTOM GRID GMBH, Germany	AREVA T&D Panama S.A., Panama
ALSTOM INC., USA	AREVA T&D SA de C.V, Mexico
ALSTOM GRID Middle East FZE, UAE	ALSTOM Hydro Malaysia Sdn Bhd
ALSTOM GRID PTE LTD, Singapore	ALSTOM Grid Transformateurs de Mesure SA
ALSTOM SPA, Italy	AREVA T&D OY, Finland
ALSTOM UK Limited, UK	ALSTOM Grid, Morocco
ALSTOM Transport SA, France	ALSTOM Grid, Thailand
AREVA T&D SP Zoo., Polland	PT UNELEC, Indonesia
AREVA T&D Shanghai Power Automation Co. Ltd	Schneider Electric Brasil Ltda., Brazil
AREVA Hungary, Hangeria	Schneider Electric Canada., Canada
AREVA Transmissao & Distribuiçao de Energia Ltd	Schneider Electric Energy GmbH, Germany
AREVA T&D Australia Limited, Australia	Schneider Electric Energy Sp Zoo, Polland
AREVA T&D Austria AG, Austria	Schneider Electric India Private Limited, India
AREVA T&D Canada Inc., Canada	Schneider Electric Industries SAS, France
AREVA T&D Energi endustrisi A.S, Turkey	Schneider-Electric Energy, Hungary
AREVA T&D Holding SA, France	Shanghai Ritz HV Instrument Transformers Co. Ltd, China
AREVA T&D Huadian Switchgear (Xiamen), China	Suzhou AREVA Switchgear Ltd, China

(iii) Key management personnel : Rathindra Nath Basu

(Rupees Thousands)

	December 2010	December 2009
b) Transactions with related parties :		
(i) With Holding Company - ALSTOM Grid SAS, France		
Sales, services and other income	108,362	479,984
Purchase of raw materials and components / services	1,120,892	665,179
Expenditure on Royalty Technical know-how and assistance	98,965	92,820
Debtors outstanding	227,471	328,821
Creditors outstanding	83,578	370,648
Other Liabilities and provisions	240,565	317,346
Advances Recoverable	3,303	63,817

(Rupees Thousands)

		December 2010	December 2009
	Loan Outstanding	571,577	636,554
	Interest expense	8,003	17,864
	Interest accrued and due	4,089	-
	Dividend remitted	239,255	239,255
(ii)	**With Parent of Holding Company - T&D Holding, France**		
	Expenditure on Trademark fees	328,579	281,224
	Dividend remitted	50,209	50,209
(iii)	**With subsidiaries :**		
	Investment in share capital		
	Grid Equipments Limited	1,000	-
	Energy Grid AutomationTransformers and Switchgears India Limited	1,000	-
	Loans and Advances		
	Grid Equipments Limited	50	-
	Energy Grid AutomationTransformers and Switchgears India Limited	53	-
	Other Liabilities		
	Grid Equipments Limited	1,000	-
	Energy Grid AutomationTransformers and Switchgears India Limited	1,000	-
(iv)	**With fellow subsidiaries :**		
	Sales, services and other income		
	ALSTOM UK Limited, UK	447,997	205,155
	AREVA Transmissao & Distribuiçao de Energia Ltd	251,891	212,453
	AREVA T&D SA de C.V, Mexico	160,194	71,286
	ALSTOM (Yanghou) High Voltage Bus Ducts Co Ltd, China	153,026	-
	PT UNELEC, Indonesia	82,673	-
	ALSTOM GRID PTE LTD, Singapore	79,676	43,276
	ALSTOM GRID Middle East FZE, UAE	70,049	139,904
	ALSTOM Hydro Malaysia Sdn Bhd	65,567	36,274
	AREVA T&D Protection & Controle	64,151	-
	Others	333,681	672,552
	Purchase of raw materials and components / services		
	ALSTOM GRID AG, Switzerland	401,109	251,995
	ALSTOM UK Limited, UK	372,462	274,935
	ALSTOM GRID GMBH, Germany	256,485	62,334
	ALSTOM (Yanghou) High Voltage Bus Ducts Co Ltd, China	208,076	-
	AREVA T&D Shanghai Power Automation Co. Ltd	200,712	-
	ALSTOM GRID SpA, Italy	101,032	48,489
	AREVA T&D Protection & Controle	131,412	108,039
	AREVA T&D Energi Endustrisi A.S, Turkey	33,813	565,362
	Others	196,337	367,685

(Rupees Thousands)

	December 2010	December 2009
Purchase of Fixed assets		
ALSTOM UK Limited, UK	143	-
Ritz Meßwandler Ludwigslust GmbH, Germany	-	185
ALSTOM GRID AG, Switzerland	-	19,837
Expenditure on Royalty Technical know-how, Trademark and assistance		
ALSTOM GRID AG, Switzerland	108,758	18,899
ALSTOM GRID GMBH, Germany	25,745	5,888
AREVA T&D SpA, Italy	106	2,059
ALSTOM UK Limited, UK	65,382	-
AREVA T&D Transformateurs de Mesures SA, France	-	11,682
Debtors outstanding		
ALSTOM GRID Middle East FZE, UAE	14,277	6,841
AREVA Transmissao & Distribuiçao de Energia Ltda, Brazil	79,898	74,394
Suzhou Areva Switchger Limited, China	40,303	45,016
AREVA T&D SA de C.V, Mexico	39,593	30,491
AREVA T&D Protection & Controle	72,800	
Others	159,923	127,321
Creditors outstanding		
ALSTOM GRID GMBH, Germany	130,786	64,947
ALSTOM UK Limited, UK	81,959	35,496
AREVA T&D Shanghai Power Automation Co. Ltd	68,824	-
ALSTOM GRID AG, Switzerland	61,918	165,510
ALSTOM (Yanghou) High Voltage Bus Ducts Co Ltd, China	51,047	-
ALSTOM S.P.A., Italy	32,800	23,019
Shangai RITZ HV Instrument Transformers Co. Ltd, China	20,258	-
AREVA T&D SP Zoo, Polland	19,050	-
AREVA T&D Protection & Controle	43,016	
Others	43,884	332,731
Other Liabilities and provisions		
ALSTOM UK Limited, UK	82,159	-
AREVA T&D Middle East FZE, UAE	-	14,286
AREVA T&D Thailand Ltd	-	2,109
ALSTOM GRID GMBH, Germany	15,482	
Others	25,668	-
Dividend remitted to Long & Crawford Limited	21,191	21,191
(v) With Key Management personnel :		
Managerial remuneration	18,008	16,473

Note: Pursuant to the sale of T&D business to ALSTOM and Schneider as referred in note 44, certain related parties have undergone name change during the year and revised name has been considered in the above schedule. Transactions with Companies which became a related party pursuant to the global sale, have been considered in the financial statements from the date of global acquisition.

39. 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	37,391,689 (28,842,805)	42,977,008 (35,894,904)	982,238 (3,052,668)
Qatar	1,650,761 (5,609,649)	524,930 (495,873)	- (8,946)
Kenya	64,322 (208,344)	111,569 (107,201)	- (-)
Germany	106,351 (138,149)	19,934 (31,731)	- (-)
China	179,537 (216,845)	43,437 (54,658)	- (-)
Brazil	265,220 (209,290)	80,165 (74,394)	- (-)
France	464,936 (753,478)	216,622 (145,907)	- (-)
United Kingdom	446,125 (207,086)	5,167 (40,997)	- (-)
Vietnam	187,164 (133,368)	17,133 (42,808)	- (-)
Others	1,916,039 (922,197)	527,386 (492,739)	- (-)
Total	42,672,144 (37,241,211)	44,523,351 (37,381,212)	982,238 (3,061,614)

Note: Figures in brackets are for the previous year.

(Rupees Thousands)

	December 2010	December 2009
40. MICRO,SMALLANDMEDIUMENTERPRISESDEVELOPMENTACT,2006("MSMED")		
The Company has amounts due to suppliers under MSMED as at December 31, 2010. The disclosure pursuant to the said Act is as under:		
Principal amount due to suppliers under MSMED	814,682	491,517
Interest accrued and due to suppliers under MSMED on the above amount, unpaid	13,804	5,747
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.

(Rupees Thousands)

		December 2010	December 2009
41.	**EARNINGSPERSHARE**		
	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	1,867,413	1,920,026
	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)	7.81	8.03
42.	**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	77,256
	Minimum lease payments payable :		
	Within one year	86,353	77,256
	Later than one year and not later than five years	165,900	77,256
43.	**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	431,343	361,403
	Interest Cost	22,687	20,500
	Current Service Cost	30,267	15,517
	Past Service Cost (Vested Benefit)	(61,924)	48,775
	Benefit Paid	(29,729)	(38,492)
	Benefit Paid (non funded)	-	-
	Actuarial (gain)/loss on obligations	84,816	23,640
	Liability at the end of the year	477,460	431,343
	(II) Fair value of Plan Assets		
	Fair value of plan assets at the beginning of the year	287,952	284,561
	Expected Return on Plan Assets	21,572	20,446
	Contributions	29,070	13,772
	Benefit Paid	(29,729)	(38,492)
	Actuarial gain/(loss) on Plan Assets	2,592	7,665
	Fair value of plan assets at the end of the year	311,457	287,952
\	**(III) Actual Return on Plan Assets**		
	Expected Return on Plan Assets	21,572	20,446
	Actuarial gain/(loss) on Plan Assets	2,592	7,665
	Actual Return on Plan Assets	24,164	28,111
	(IV) Amount Recognised in the Balance Sheet		
	Liability at the end of the year	477,460	431,343
	Fair Value of Plan Assets at the end of the year	311,457	287,952
	Difference (Funded Status)	166,003	143,391
	Amount Recognised in the Balance Sheet	166,003	143,391

(Rupees Thousands)

		December 2010	December 2009
(V)	**Expenses Recognised in the Income Statement**		
	Current Service Cost	30,267	15,517
	Interest Cost	22,687	20,500
	Expected Return on Plan Assets	(21,572)	(20,446)
	Net Actuarial (Gain)/loss to be recognised	82,224	15,975
	Past Service Cost (Vested Benefit) Recognised	(61,924)	48,775
	Expense Recognised in P & L	51,682	80,321
(VI)	**Balance Sheet Reconciliation**		
	Opening Net Liability	143,391	76,842
	Expense as above	51,682	80,321
	Employers Contribution	(29,070)	(13,772)
	Amount Recognised in Balance Sheet	166,003	143,391
(VII)	**Actuarial Assumptions : For the year**		
	Discount Rate Current	8.0%	7.5%
	Rate of Return on Plan Assets Current	8.0%	7.5%
	Salary Escalation Current	7.5%	7.5%
	Mortality table	LIC (1994-96)	LIC (1994-96)

Note: In the absence of relevant information from the actuary, the above details do not include the composition of Plan assets.

44. AREVA TRANSMISSION AND DISTRIBUTION BUSINESS SALE :

On January 20, 2010 between ALSTOM Holdings and Schneider Electric Industries SAS ("acquirers") entered into a share purchase agreement with AREVA SA, through ALSTOM Sextant 5 SAS, a special purpose vehicle, acquired the Global T&D Business of AREVA SA effective from June 7, 2010. In terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, in India, the acquirers during the year made a public announcement on May 28, 2010 to the shareholders of the Company and made an open offer to purchase up to 20% of the issued share capital of the Company. The offer opened on November 6, 2010 and closed on November 25, 2010. On December 3, 2010, the acquirers had informed the Company confirming the completion of the open offer formalities. The acquirers had acquired 2,906,624 (1.22%) equity shares tendered by the aforesaid erstwhile shareholders. These shares were held in Trust by the Registrar to the Offer, though not formally transferred in the Company's records. Consequently on completion of formalities, the Promoters holding stands increased to 175,492,524 (73.40%) equity shares. In the above open offer, the shareholders were also informed about the intention of proposed transfer of the Distribution business to Schneider group. The broad outline for giving effect to as aforesaid is under examination and upon firming up, necessary steps will be taken.

45. SUBSIDIARY COMPANIES

Two wholly owned subsidiaries - Grid Equipments Limited and Energy Grid Automation Transformers and Switchgears India Limited were incorporated on December 29, 2010. As subscribers to the Memorandum of Association of these wholly owned subsidiaries, the Company has agreed to subscribe Rs. 1,000 thousands each in the equity share capital. A sum of Rs.103 thousands incurred towards incorporation of these companies are shown as recoverable balances in these financial statements. There were no transactions in these companies during the period.

46. PRIOR YEAR COMPARATIVES

Prior year's figures have been recast/regrouped wherever considered necessary for comparative purposes.

Auditor's Report

Auditors' Report To The Board Of Directors Of AREVA T&D India Limited

1. We have audited the attached Consolidated Balance Sheet of AREVA T&D INDIA LIMITED ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at December 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of both the subsidiaries whose financial statements reflect total assets of Rs. 103 thousands as at December 31, 2010, total revenues of Rs. Nil and net cash inflows amounting to Rs Nil for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have not been audited and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports and information provided by the Company.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2010

   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group 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 25, 2011

Consolidated Balance Sheet

as at December 31, 2010

(Rupees Thousands)

	Notes	December 2010
SOURCES OF FUNDS		
Shareholders' Funds		
Share capital	2	478,208
Reserves and surplus	3	9,545,511
		10,023,719
Loan Funds		
Unsecured loans	4	8,956,978
		8,956,978
Deferred tax liability (Net)	14	38,130
		19,018,827
APPLICATION OF FUNDS		
Fixed Assets	5	
Gross block		11,948,871
Less: Accumulated depreciation		3,233,483
Net block		8,715,388
Capital work-in-progress (including Capital advances)		223,870
		8,939,258
Investments	6	34
Current Assets, Loans and Advances		
Inventories	7	4,808,383
Sundry debtors	8	21,400,177
Cash and bank balances	9	1,199,271
Other current assets	10	5,140,808
Loans and advances	11	3,191,489
		35,740,128
Less: Current Liabilities and Provisions		
Liabilities	12	24,633,641
Provisions	13	1,027,055
		25,660,696
Net Current Assets		10,079,432
Miscelleneous expenditure (to the extent not written off or adjusted)	15	103
		19,018,827

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

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Bhavani Balasubramanian
Partner

Rathindra Nath Basu
Managing Director

Alexandre Tagger
Director

C.S. Ashok Kumar
Secretary

New Delhi
February 25, 2011

Consolidated Profit and Loss Account

for the year Ended December 31, 2010

(Rupees Thousands)

	Notes	December 2010
INCOME		
Sales and services (Gross)		42,672,144
Less : Excise duty		(2,471,786)
Sales and services (Net)		40,200,358
Other income	16	169,421
		40,369,779
EXPENDITURE		
Materials and Project related costs (Net)	17	27,531,274
Employee costs	18	3,460,252
Other manufacturing, administration and selling expenses	19	4,971,008
Interest (Net)	20	655,011
Depreciation / Amortisation	21	936,010
		37,553,555
Profit Before Tax		2,816,224
Provision for taxation - Current	14	(810,592)
Provision for taxation - Deferred	14	(138,219)
Profit After Tax		1,867,413
Balance brought forward from previous year *		5,518,405
Profit available for appropriations		7,385,818
Appropriations :		
Proposed dividend		430,387
Corporate dividend tax		71,482
General reserve		187,000
Balance carried over to the balance sheet		6,696,949
		7,385,818
*relates to stand alone AREVA T&D India Limited		
Basic and Diluted earnings per share of Rs 2/- each (in Rupees)	34	7.81

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

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Bhavani Balasubramanian	Rathindra Nath Basu	Alexandre Tagger	C.S. Ashok Kumar
Partner	Managing Director	Director	Secretary

New Delhi
February 25, 2011

Consolidated Cash Flow Statement

for the year ended December 31, 2010

(Rupees Thousands)

		December 2010
A.	CASH FLOW FROM OPERATING ACTIVITIES	
	Net profit before tax	2,816,224
	Adjustments for:	
	Provision for doubtful debts	91,565
	Bad debts / advances written off (net)	269,248
	Exchange fluctuation unrealised (net)	421,969
	Depreciation	936,010
	Interest income	(1,685)
	Interest paid	656,696
	Profit on sale of fixed assets (net)	(241)
	Operating profit before working capital changes	5,189,786
	Adjustments :	
	Increase in Trade and other receivables	(6,705,333)
	Increase in Inventories	(1,017,923)
	Increase in Trade payables, liabilities and provisions	4,203,826
	Cash generated from operations	1,670,356
	Income tax / Fringe benefits tax paid, net of refunds	(595,000)
	Net cash generated from operating activities	**1,075,356**
B.	CASH FLOW FROM INVESTING ACTIVITIES	
	Capital expenditure (including capital advances)	(1,137,424)
	Proceeds from sale of fixed assets	2,264
	Interest received	1,685
	Net cash used in investing activities	**(1,133,475)**
C.	CASH FLOW FROM FINANCING ACTIVITIES	
	Proceeds from short term loans, net	1,079,322
	Interest paid	(650,187)
	Dividend and Unclaimed dividend paid / remitted, including Dividend tax	(500,289)
	Net cash generated from financing activities	**(71,154)**
	Net increase in cash and cash equivalents (A + B + C)	**(129,273)**
	Opening balance of cash and cash equivalents*	1,310,723
	Closing balance of cash and cash equivalents**	1,181,450
	* relates to stand alone AREVA T&D India Limited	
	** excludes Unpaid dividend accounts of Rs 17,821 thousands	

In terms of our report attached.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Bhavani Balasubramanian	Rathindra Nath Basu	Alexandre Tagger	C.S. Ashok Kumar
Partner	Managing Director	Director	Secretary

New Delhi
February 25, 2011

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) Principles of consolidation

The consolidated financial statements relate to AREVA T&D India Limited (the Company) and its subsidiaries (hereinafter collectively referred to as "the Group"). The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra-group transactions resulting in unrealised profits or losses, as per Accounting Standard 21 – Consolidated financial statements.

(ii) Investments in entities where The Company holds interest on a temporary basis and where it does not exercise significant influence / control are not considered for consolidation purposes.

(iii) The first year end of the subsidiaries is December 31, 2011. These consolidated financial statements are based, in so far as they relate to amounts included in respect of subsidiaries on the information provided by the management of these entities. Consolidated financial statements are prepared using uniform accounting policies and there are no differences in policies adopted by the subsidiaries as compared to the parent company. No goodwill / capital reserve arises on consolidation of these wholly owned subsidiaries.

The financial statements of the following subsidiaries (all incorporated in India) have been considered for consolidation:

Name of the company	Percentage of voting power as on December 31, 2010
Grid Equipments India Limited	100%
Energy Grid Automation Transformers and Switchgears India Limited	100%

(b) 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.

(c) 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 year.

(d) 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, whererver applicable:

Buildings /Leasehold improvements	2.5%, 4.0% and 33.3%
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.

(e) 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.

(f) Research and development

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

(g) 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.

(h) 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

i) Provident Fund – the contributions made to regional provident fund are expensed to profit and loss account as and when such contributions are due. In other cases the Company contributes to a recognized trust and contributions are expensed to Profit and loss when such amounts are due. 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. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future, in excess of the amount already provided for as per the management estimates.

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, a defined contribution plan, and the same is expensed to Profit and loss account. The company has no liability other than its annual contribution.

iii) Gratuity: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India ('LIC') to discharge gratuity liabilities to the employees, a defined benefit plan. The Company accounts its liability for future gratuity payouts based on actuarial valuation, as at balance sheet date, determined by LIC using the projected unit credit method and are funded.

In case of managerial employees in addition to the ceiling defined under the Gratuity Act, certain additional amounts are paid depending upon the period served for the company. This additional gratuity is also determined by an actuarial valuation as on the balance sheet date, but is not funded through a separate corpus. Effects of changes in actuarial valuations are immediately recognized in the profit and loss account.

iv) 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 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 is determined 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 substantively 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.

(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.

(Rupees Thousands)

2. SHARE CAPITAL	December 2010
Authorised 627,500,000 equity shares of Rs 2/- each	1,255,000
Issued 239,106,635 equity shares of Rs 2/- each	478,213
Subscribed and paid up 239,104,035 equity shares of Rs 2/- each fully paid	478,208
	478,208

Notes:

a) 172,585,900 (72.18%) equity shares of Rs 2/- each are held by:

ALSTOM Grid SAS France	132,919,225 55.59%
T&D Holding, France	27,893,950 11.67%
Long & Crawford Limited	11,772,725 4.92%
Total Promoter and Promoter group (Refer Note 37)	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. 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 of Rs 10/- each, kept in abeyance, 514 shares of Rs 10/- each, were allotted upto 2001/02.

e) The equity shares of Rs 10/- each of the Company were sub-divided into five shares of Rs 2/- each with effect from October 31, 2008.

3. RESERVES AND SURPLUS

(Rupees Thousands)

	As at January 1, 2010**	Additions and transfers	Withdrawals and transfers	As at December 31, 2010
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	12,362	-	7,738	4,624
General reserve	1,768,483	187,000	-	1,955,483
	2,669,300	187,000	7,738	2,848,562
Balance in Profit and loss account	5,518,405			6,696,949
	8,187,705			9,545,511

** relates to stand alone AREVA T&D India Limited

(Rupees Thousands)

4. UNSECURED LOANS (including interest accrued and due)

	December 2010
From banks - short term	
Packing credit	4,596,177
Other loans	3,789,224
From Others - Long term :	
External Commercial Borrowings ("ECB")	571,577
	8,956,978

Note : a) ALSTOM Grid SAS, France has provided comfort letter to the bankers on loans taken.

b) Short term loans from banks includes overdraft of Rs 262,294 thousand and foreign currency loan of US$ 85,800 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 till date (sanctioned amount of 13,000 thousand) from ALSTOM Grid SAS, France, for financing expansion plans, repayable on June 30, 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, 2010	Additions during the year	Disposals / adjustments during the year	Cost / valuation as at December 31, 2010
GROSS BLOCK				
Tangible assets				
Freehold land	531,408	1,432	-	532,840
Leasehold land	9,655	-	-	9,655
Buildings (including those on leasehold land)	3,562,084	371,579	57	3,933,606
Leasehold improvements	215,724	1,530	17	217,237
Plant and machinery	4,836,129	765,935	84,888	5,517,176
Furniture and fittings, and Office equipment	1,103,906	134,873	81,439	1,157,340
Motor vehicles	20,344	1,894	605	21,633
Intangible assets				
Goodwill	323,538	-	-	323,538
Assets held for Sale				
Freehold land	82,824	-	-	82,824
Leasehold land	753	-	-	753
Buildings	152,269	-	-	152,269
	10,838,634	1,277,243	167,006	11,948,871
ACCUMULATED DEPRECIATION				
Tangible assets				
Freehold land	-	-	-	-
Leasehold land	3,889	4,305	-	8,194
Buildings (including those on leasehold land)	222,443	155,599	46	377,996
Leasehold improvements	128,715	56,926	17	185,624
Plant and machinery	1,172,750	513,120	84,888	1,600,982
Furniture and fittings, and Office equipment	531,813	206,057	79,511	658,359
Motor vehicles	13,409	2,901	521	15,789
Intangible assets				
Goodwill	323,538	-	-	323,538
Assets held for Sale				
Freehold land	-	-	-	-
Leasehold land	177	-	-	177
Buildings	57,984	4,840	-	62,824
	2,454,718	943,748	164,983	3,233,483
NET BLOCK				
Tangible assets				
Freehold land	531,408			532,840
Leasehold land	5,766			1,461
Buildings (including those on leasehold land)	3,339,641			3,555,610
Leasehold improvements	87,009			31,613
Plant and machinery	3,663,379			3,916,194
Furniture and fittings, and Office equipment	572,093			498,981
Motor vehicles	6,935			5,844
Intangible assets				
Goodwill	-			-
Assets held for Sale				
Freehold land	82,824			82,824
Leasehold land	576			576
Buildings	94,285			89,445
	8,383,916			8,715,388
Capital work-in-progress (including capital advances)	518,875			223,870
	8,902,791			8,939,258

** relates to stand alone AREVA T&D India Limited

Notes:

a) 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 339,088 thousand has been so far transferred to profit and loss account as an adjustment against depreciation / sale of assets.

b) 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.

c) Net block includes fixed assets held outside India - Rs 1,035 thousand

(Rupees Thousands)

		December 2010
6.	**INVESTMENTS, Long term - At cost, Unquoted**	
	Trade :	
	175,000 equity shares of Rs 10/- each fully paid up in Genelec Limited	35
	Less : Provision for diminution in value	(35)
	Non-trade :	
	1,000 shares of Rs 10/- each fully paid up in The English Electric Company Employees' Co.-operative Stores Limited	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
	65 - ½% registered mortgage debentures of Rs 100/- each fully paid up in the Woodlands Hospital and Medical Research Centre Limited	7
		34
7.	**INVENTORIES**	
	Stores and spare parts	2,396
	Raw materials and components (including goods-in-transit - Rs 250,367 thousands)	1,715,960
	Work-in-progress	2,724,292
	Finished goods	365,735
		4,808,383
	Note : Finished goods include excise duty payable of Rs 24,784 thousand relating to items held at manufacturing units awaiting despatch.	
8.	**SUNDRY DEBTORS**	
	Debts outstanding for a period exceeding six months	
	Unsecured - considered good	1,442,117
	- considered doubtful	468,864
		1,910,981
	Other Debts - considered good	
	Unsecured	19,958,060
		19,958,060
		21,869,041
	Less : Provision for doubtful debts	(468,864)
		21,400,177

Note : Retention monies considered good and included in other debts outstanding Rs 5,350,245 thousand

(Rupees Thousands)

		December 2010
9.	**CASH AND BANK BALANCES**	
	Cash on hand	-
	Balances with banks	
	In Current accounts [including cheques on hand Rs 497,733 thousand Remittance in Transit Rs 36,113 thousand	1,179,776
	In deposit accounts	1,674
	In unpaid dividend accounts	17,821
		1,199,271
10.	**OTHER CURRENT ASSETS**	
	Contract revenue in excess of billing	5,140,808
		5,140,808
11.	**LOANS AND ADVANCES - Unsecured, considered good**	
	Advances recoverable in cash or in kind or for value to be received	1,705,571
	Deposits	361,317
	Income-tax (net of provision for tax Rs 4,176,969 thousand)	158,172
	Balances with excise authorities	949,702
	Balances with customs and port trust authorities	16,727
		3,191,489
12.	**CURRENT LIABILITIES**	
	Acceptances	691,210
	Sundry creditors	8,389,870
	Other liabilities	10,587,120
	Payments received in advance from customers	4,947,620
	Unclaimed dividend **	17,821
		24,633,641
	** Represents Dividend warrants issued but not encashed and there is no amount falling due as at December 31, 2010 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 11,034 thousand	23,929
13.	**PROVISIONS**	
	Contract losses	41,872
	Warranties	228,370
	Compensated leave	212,330
	Additional Gratuity	42,614
	Proposed dividend	430,387
	Tax on proposed dividend	71,482
		1,027,055

(Rupees Thousands)

		December 2010
14.	**TAXATION**	
	a) Current tax :	
	Current tax is determined in respect of taxable income for the year ended December 31, 2010. The ultimate tax liability will be determined on the basis of taxable income for the period April 01, 2010 to March 31, 2011	
	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	32,030
	Disallowances under Section 43B of the Income tax Act, 1961	81,282
	Provisions	219,055
	Others	-
		332,367
	Deferred tax liabilities arising on Timing differences on account of :	
	Depreciation on fixed assets	353,214
	Others	17,283
		370,497
	Deferred tax asset (Net)	(38,130)
15.	**MISCELLENEOUS EXPENDITURE (not written-off or adjusted)**	
	Preliminary expenses to the extent non written-of or adjusted	103
		103
16.	**OTHER INCOME**	
	Profit on sale of fixed assets (net)	241
	Scrap sales	130,182
	Rent received	1,226
	Miscellaneous income	37,772
		169,421
17.	**MATERIALS AND PROJECT RELATED COSTS (NET)**	
	Raw materials and components consumed	28,757,564
	Opening stock of Work-in-progress **	1,672,849
	Less : Closing stock of Work-in-progress	2,724,292
	Increase in Work-in-progress	(1,051,443)
	Opening stock of Finished goods **	190,888
	Less : Closing stock of Finished goods	365,735
	Increase in Finished goods	(174,847)
		27,531,274

** relates to stand alone AREVA T&D India Limited

(Rupees Thousands)

		December 2010
18.	**EMPLOYEE COSTS**	
	Salaries, wages, bonus etc.	2,876,422
	Contribution to provident and other funds	313,278
	Welfare expenses	270,552
		3,460,252
19.	**OTHER MANUFACTURING, ADMINISTRATION AND SELLING EXPENSES**	
	Consumption of stores and spare parts	146,760
	Power and fuel	239,727
	Rent	144,246
	Rates and taxes	164,252
	Repairs and maintenance	
	Buildings	163,530
	Plant and machinery	94,971
	Others	173,592
	Insurance	92,546
	Directors' sitting fees	575
	Royalty and technical know-how	272,850
	Freight and octroi	807,258
	Travelling	657,117
	Postage and telephone	90,662
	Amount paid / payable to Auditors	
	Audit fee	6,300
	Tax audit fee	1,000
	Quarterly / Half yearly review	1,500
	Transfer pricing	1,000
	Other services	-
	Reimbursement of expenses	200
	Bank charges and foreign exchange variation cost (net) - Refer Note 30	493,495
	Provision for doubtful debts	91,565
	Bad debts written off (net)	269,248
	Trade mark fees	328,579
	Data Management charges	314,002
	Excise duty on stock differential - Refer Note 27	10,441
	Miscellaneous expenses	405,592
		4,971,008
20.	**INTEREST, net**	
	Interest paid - On fixed loans	466,038
	- Others	190,658
	Interest earned on deposits etc. (Gross)	(1,685)
	(Tax deducted at source Rs 133 thousand)	
		655,011

(Rupees Thousands)

		December 2010
21.	**DEPRECIATION / AMORTISATION**	
	Leasehold land	4,305
	Buildings (including those on leasehold land)	155,599
	Leasehold improvements	56,926
	Plant and machinery	513,120
	Furniture and fittings, and Office equipment	206,057
	Motor vehicles	2,901
	Assets held for sale - Buildings	4,840
		943,748
	Less: Amount transferred from fixed asset revaluation reserve	(7,738)
		936,010
22.	**COMMITMENTS**	
	Estimated amount of contracts remaining to be executed on capital account and not provided for in these accounts (net of advances)	207,349
23.	**CONTINGENT LIABILITIES IN RESPECT OF**	
	(a) Legal cases against the Company not acknowledged as debts	123,575
	(b) Sales tax and Excise demands against which the Company has filed appeals	138,897

Name of the Statute	Nature of Dues	Rupees thousands	Period	Forum where dispute is pending
Central Sales Tax Act	Enhancement of Turnover & Non submission of declaration forms	1,090	1988-89,1993-94 & 2002-3	Additional Commissioner
Central Sales Tax Act	Non submission of Declaration forms	4,545	2004 to 2006	Assistant Commissioner
Central Sales Tax Act	Non submission of Declaration forms	9,679	2005-06 & 2007-08 & 2002 to 04 & 1989 to 91	Deputy Commissioners (Various states)
Central Sales Tax Act	Non submission of Declaration forms	7,859	2002-03	High Court of Kolkata
Central Sales Tax Act	Non submission of Declaration forms	68,054	1989-90, 1993-94, 1995-96, 1997-98, 2003 to 06	Revision Board (West Bengal)
Central Sales Tax Act	Non receipt of Central Forms & Input tax claim disallowed	42,096	2007-08	Sr. Joint Commissioner (Appeals)
Local Sales Tax Act	Consignment Seizure case	3,538	2006 to 2008 & 2009-10	Joint Commissioner (Appeals)
Local Sales Tax Act	Consignment Seizure case	1,061	2002-03	Joint Commissioner
Local Sales Tax Act	Levy of Penalty for want of proof of export documents	975	1991-92	Sales tax Tribunal
		138,897		

Amount deposited as at December 31, 2010 is Rs 6,418 thousand

(c) The Company has received demand for excise/ service tax amounting to Rs 533,791 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 710,315 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. Amount deposited as at December 31, 2010 is Rs 19,660 thousand.

(e) 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 had filed a fresh writ petition before the Madras High Court challenging the constitutional validity of the retrospective amendment to Section 54EC itself in the year 2009. The said writ was admitted and pending disposal. The status as at December 31, 2010 remains same.

(f) The company has estimated Rs 150,051 thousand of potential income tax risk relating to certain disallowances and consequent interest relating to various assessment years.

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 2010
25. DIRECTORS' REMUNERATION	
Salaries and bonus**	15,246
Contribution to provident and other funds	1,964
Perquisites	798
Sitting fees	575
	18,583

Note : Excludes provision for compensated leave and gratuity, as actuarial valuation is done on a total company basis.

** Includes supplementary bonus of Rs 6,353 thousand reimbursed by parent company

26. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD AS-7 "CONSTRUCTION CONTRACT" (REVISED):

	December 2010
Contract revenue recognised for the year	20,351,186
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	56,601,782
Gross amount due from customers for contracts in progress	15,027,533
Gross amount due to customers for contracts in progress	2,348,358

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 19 "Other Manufacturing, Administration and selling expenses".

28. RESEARCH AND DEVELOPMENT

Total revenue expenditure included under appropriate heads of expenditure	57,323

29. 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 recognised mark to market net losses of Rs. 199,136 thousand relating to foreign exchange derivatives in the profit and loss account and included in 'Bank Charges and foreign exchange variation cost (net) under Note 19.

Significant forward contracts outstanding at December 31, 2010:

Foreign Correcncy	No. of Contracts	Amount in Foreign currency	Amount in Rupees thousands
Imports / Loans			
Swiss Franc (CHF)	9	2,174	106,897
Euro(EUR)	207	40,689	2,480,690
US Dollar (USD)	99	102,558	4,655,455
Pound Sterling(GBP)	3	166	11,665
Exports			
Euro(EUR)	42	6,068	367,347
Pound Sterling(GBP)	23	1,181	82,737
US Dollar (USD)	135	40,394	1,860,416
Qatari Riyal (Hedged with USD)	8	52,719	189,660

(Rupees Thousands)

30. DERIVATIVE INSTRUMENTS

	December 2010
Exchange differences (net) included in bank charges and foreign exchange variation costs (net)	393,816
Premium on account of forward contracts taken during the year pertaining to future accounting period	50,494
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	1,171,213
ii) Forward cover for import creditors / unsecured loans outstanding	5,470,611
iii) Forward cover for expected future sales or highly probable forecast transaction	3,154,589

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

(Rupees Thousands)

	Opening Balance**	Additions	Release	Withdrawals	Closing Balance
1. Provision for Warranties	220,689	69,600	61,919	-	228,370
2. Provision for Contract losses	72,239	-	-	30,367	41,872

** relates to standalone AREVA T&D India Limited

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

32. 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 :	ALSTOM Grid SAS, France (Holding Company), ALSTOM Sextant 5 SAS, France, a special purpose vehicle formed with Alstom Holdings, holding 70% and Schneider Electric Services Holdings, holding 30%. T&D Holding, France (Parent of Holding Company)

(ii) Other related parties with whom transactions have taken place during the year:

Subsidiaries :

GRID Equipments Limited

Energy Grid Automation Transformers and Switchgears India Limited

Fellow subsidiaries :

ALSTOM (Yangzhou) High Voltage Bus-Ducts Co., Ltd, China	AREVA T&D Iberica S.A, Spain
ALSTOM GRID AG, Switzerland	AREVA T&D Messwandler Gmbh, Germany
ALSTOM GRID GMBH, Germany	AREVA T&D Panama S.A., Panama
ALSTOM INC., USA	AREVA T&D SA de C.V, Mexico
ALSTOM GRID Middle East FZE, UAE	ALSTOM Hydro Malaysia Sdn Bhd
ALSTOM GRID PTE LTD, Singapore	ALSTOM Grid Transformateurs de Mesure SA
ALSTOM SpA, Italy	AREVA T&D OY, Finland
ALSTOM UK Limited, UK	ALSTOM Grid, Morocco
ALSTOM Transport SA, France	ALSTOM Grid, Thailand
AREVA T&D SP Zoo., Polland	PT UNELEC, Indonesia
AREVA T&D Shanghai Power Automation Co. Ltd	Schneider Electric Brasil Ltd., Brazil
AREVA Hungaria, Hangeria	Schneider Electric Canada Inc., Canada
AREVA Transmissao & Distribuiçao de Energia Ltd	Schneider Electric Energy GmbH, Germany
AREVA T&D Australia Limited, Australia	Schneider Electric Energy Sp Zoo, Polland
AREVA T&D Austria AG, Austria	Schneider Electric India Private Limited, India
AREVA T&D Canada Inc., Canada	Schneider Electric Industries SAS, France
AREVA T&D Energi endustrisi A.S, Turkey	Schneider-Electric Energy, Hungary
AREVA T&D Holding SA, France	Shanghai Ritz HV Instrument Transformers Co. Ltd
AREVA T&D Huadian Switchgear (Xiamen), China	Suzhou AREVA Switchgear Ltd, China

(iii) Key management personnel : Rathindra Nath Basu

(Rupees Thousands)

b) Transactions with related parties :

		December 2010
(i)	**With Holding Company - ALSTOM Grid SAS, France**	
	Sales, services and other income	108,362
	Purchase of raw materials and components / services	1,120,892
	Expenditure on Royalty Technical know-how and assistance	98,965
	Debtors outstanding	227,471
	Creditors outstanding	83,578
	Other Liabilities and provisions	240,565
	Advances Recoverable	3,303
	Loan Outstanding	571,577
	Interest expense	8,003
	Interest accrued and due	4,089
	Dividend remitted	239,255
(ii)	**With Parent of Holding Company - T&D Holding, France**	
	Expenditure on Trademark fees	328,579
	Dividend remitted	50,209

(Rupees Thousands)

	December 2010
(iii) With fellow subsidiaries :	
Sales, services and other income	
ALSTOM UK Limited, UK	447,997
AREVA Transmissao & Distribuiçao de Energia Ltd	251,891
AREVA T&D SA de C.V, Mexico	160,194
ALSTOM (Yanghou) High Voltage Bus Ducts Co Ltd, China	153,026
PT UNELEC, Indonesia	82,673
ALSTOM GRID PTE LTD, Singapore	79,676
ALSTOM GRID Midle East FZE, UAE	70,049
ALSTOM Hydro Malaysia Sdn Bhd	65,567
AREVA T&D Protection & Controle	64,151
Others	333,681
Purchase of raw materials and components / services	
ALSTOM GRID AG, Switzerland	401,109
ALSTOM UK Limited, UK	372,462
ALSTOM GRID GMBH, Germany	256,485
ALSTOM (Yanghou) High Voltage Bus Ducts Co Ltd, China	208,076
AREVA T&D Shanghai Power Automation Co. Ltd	200,712
ALSTOM GRID SPA, Italy	101,032
AREVA T&D Protection & Controle	131,412
AREVA T&D Energi Endustrisi A.S, Turkey	33,813
Others	196,337
Purchase of Fixed assets	
ALSTOM UK Limited, UK	143
Ritz Meßwandler Ludwigslust GmbH, Germany	-
AREVA T&D AG, Switzerland	-
Expenditure on Royalty Technical know-how, Trademark and assistance	
ALSTOM GRID AG, Switzerland	108,758
ALSTOM GRID GMBH, Germany	25,745
AREVA T&D SPA, Italy	106
ALSTOM UK Limited, UK	65,382
AREVA T&D Transformateurs de Mesures SA, France	-
Debtors outstanding	
ALSTOM GRID Midle East FZE, UAE	14,277
AREVA Transmissao & Distribuiçao de Energia Ltda, Brazil	79,898
Suzhou AREVA Switchgear Limited, China	40,303
AREVA T&D SA de C.V, Mexico	39,593
AREVA T&D Protection & Controle	72,800
Others	159,923

(Rupees Thousands)

	December 2010
Creditors outstanding	
ALSTOM GRID GMBH, Germany	130,786
ALSTOM UK Limited, UK	81,959
AREVA T&D Shanghai Power Automation Co. Ltd	68,824
ALSTOM GRID AG, Switzerland	61,918
ALSTOM (Yanghou) High Voltage Bus Ducts Co Ltd, China	51,047
ALSTOM S.P.A., Italy	32,800
Shangai RITZ HV Instrument Transformers Co. Ltd, China	20,258
AREVA T&D SP ZOO, Polland	19,050
AREVA T&D Protection & Controle	43,016
Others	43,884
Other Liabilities and provisions	
ALSTOM UK Limited, UK	82,159
AREVA T&D Middle East FZE, UAE	-
AREVA T&D Thailand Ltd	-
ALSTOM GRID GMBH, Germany	15,482
Others	25,668
Dividend remitted to Long & Crawford Limited	21,191
(iv) With Key Management personnel :	
Managerial remuneration	18,008

Note: Pursuant to the sale of T&D business to ALSTOM and Schneider as referred in note 37, certain related parties have undergone name change during the year and revised name has been considered in the above schedule. Transactions with Companies which became a related party pursuant to the global sale, have been considered in the financial statements from the date of global acquisition.

33. 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	37,391,689	42,974,905	982,238
Qatar	1,650,761	524,930	-
Kenya	64,322	111,569	-
Germany	106,351	19,934	-
China	179,537	43,437	-
Brazil	265,220	80,165	-
France	464,936	216,622	-
United Kingdom	446,125	5,167	-
Vietnam	187,164	17,133	-
Others	1,916,039	527,386	-
Total	42,672,144	44,521,248	982,238

(Rupees Thousands)

			December 2010
34.	**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		1,867,413
	Weighted average number of shares used as denominator for Basic and Diluted earnings per share		239,104,035
	Basic and diluted earnings per share of Rs 2/- each (in Rupees)		7.81
35.	**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
	Minimum lease payments payable :		
	Within one year		86,353
	Later than one year and not later than five years		165,900
36.	**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**	431,343
		Interest Cost	22,687
		Current Service Cost	30,267
		Past Service Cost (Vested Benefit)	(61,924)
		Benefit Paid	(29,729)
		Actuarial (gain)/loss on obligations	84,816
		Liability at the end of the year	477,460
	(II)	**Fair value of Plan Assets**	
		Fair value of plan assets at the beginning of the year**	287,952
		Expected Return on Plan Assets	21,572
		Contributions	29,070
		Benefit Paid	(29,729)
		Actuarial gain/(loss) on Plan Assets	2,592
		Fair value of plan assets at the end of the year	311,457
	(III)	**Actual Return on Plan Assets**	
		Expected Return on Plan Assets	21,572
		Actuarial gain/(loss) on Plan Assets	2,592
		Actual Return on Plan Assets	24,164
	(IV)	**Amount Recognised in the Balance Sheet**	
		Liability at the end of the year	477,460
		Fair Value of Plan Assets at the end of the year	311,457
		Difference (Funded Status)	166,003
		Amount Recognised in the Balance Sheet	166,003

(Rupees Thousands)

		December 2010
(V)	**ExpensesRecognisedintheIncomeStatement**	
	Current Service Cost	30,267
	Interest Cost	22,687
	Expected Return on Plan Assets	(21,572)
	Net Actuarial (Gain)/loss to be recognised	82,224
	Past Service Cost (Vested Benefit) Recognised	(61,924)
	Expense Recognised in P & L	51,682
(VI)	**Balance Sheet Reconciliation**	
	Opening Net Liability**	143,391
	Expense as above	51,682
	Employers Contribution	(29,070)
	Amount Recognised in Balance Sheet	166,003
(VII)	**Actuarial Assumptions : For the year**	
	Discount Rate Current	8.0%
	Rate of Return on Plan Assets Current	8.0%
	Salary Escalation Current	7.5%
	Mortality table	LIC (1994-96)

** relates to stand alone AREVA T&D India Limited

Note: In the absence of relevant information from the actuary, the above details do not include the composition of Plan assets.

37. AREVA TRANSMISSION AND DISTRIBUTION BUSINESS SALE :

On January 20, 2010 between ALSTOM Holdings and Schneider Electric Industries SAS ("acquirers") entered into a share purchase agreement with AREVA SA, through ALSTOM Sextant 5 SAS, a special purpose vehicle, acquired the Global T&D Business of AREVA SA effective from June 7, 2010. In terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, in India, the acquirers during the year made a public announcement on May 28, 2010 to the shareholders of the Company and made an open offer to purchase up to 20% of the issued share capital of the Company. The offer opened on November 6, 2010 and closed on November 25, 2010. On December 3, 2010, the acquirers had informed the Company confirming the completion of the open offer formalities. The acquirers had acquired 2,906,624 (1.22%) equity shares tendered by the aforesaid erstwhile shareholders. These shares were held in Trust by the Registrar to the Offer, though not formally transferred in the Company's records. Consequently on completion of formalities, the Promoters holding stands increased to 175,492,524 (73.40%) equity shares. In the above open offer, the shareholders were also informed about the intention of proposed transfer of the Distribution business to Schneider group. The broad outline for giving effect to as aforesaid is under examination and upon firming up, necessary steps will be taken.

38. PRIOR YEAR COMPARATIVES

Since this is the first year of preparation of consolidated financial statements previous year figures are not required to be furnished.

Balance Sheet abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration no.:	L31102DL1957PLC193993
State code:	55
Balance sheet date:	December 31, 2010
	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	44,679,523
Total assets	44,679,523
Sources of funds	
Paid up capital	478,208
Reserves and Surplus	9,545,511
Secured loans	-
Unsecured loans	8,956,978
Net deferred tax liability	38,130
Application of funds	
Net fixed assets	8,939,258
Investments	34
Net deferred tax asset	-
Net current assets	10,079,432
Miscellaneous expenditure	103
Accumulated losses	-

IV. PERFORMANCE OF THE COMPANY

Turnover	42,841,565
Total expenditure	40,025,341
Profit/(Loss) before tax	2,816,224
Other items	(948,811)
Profit/(Loss) after tax	1,867,413
Earnings per share (in rupees)	7.81
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

AREVA T&D INDIA LIMITED

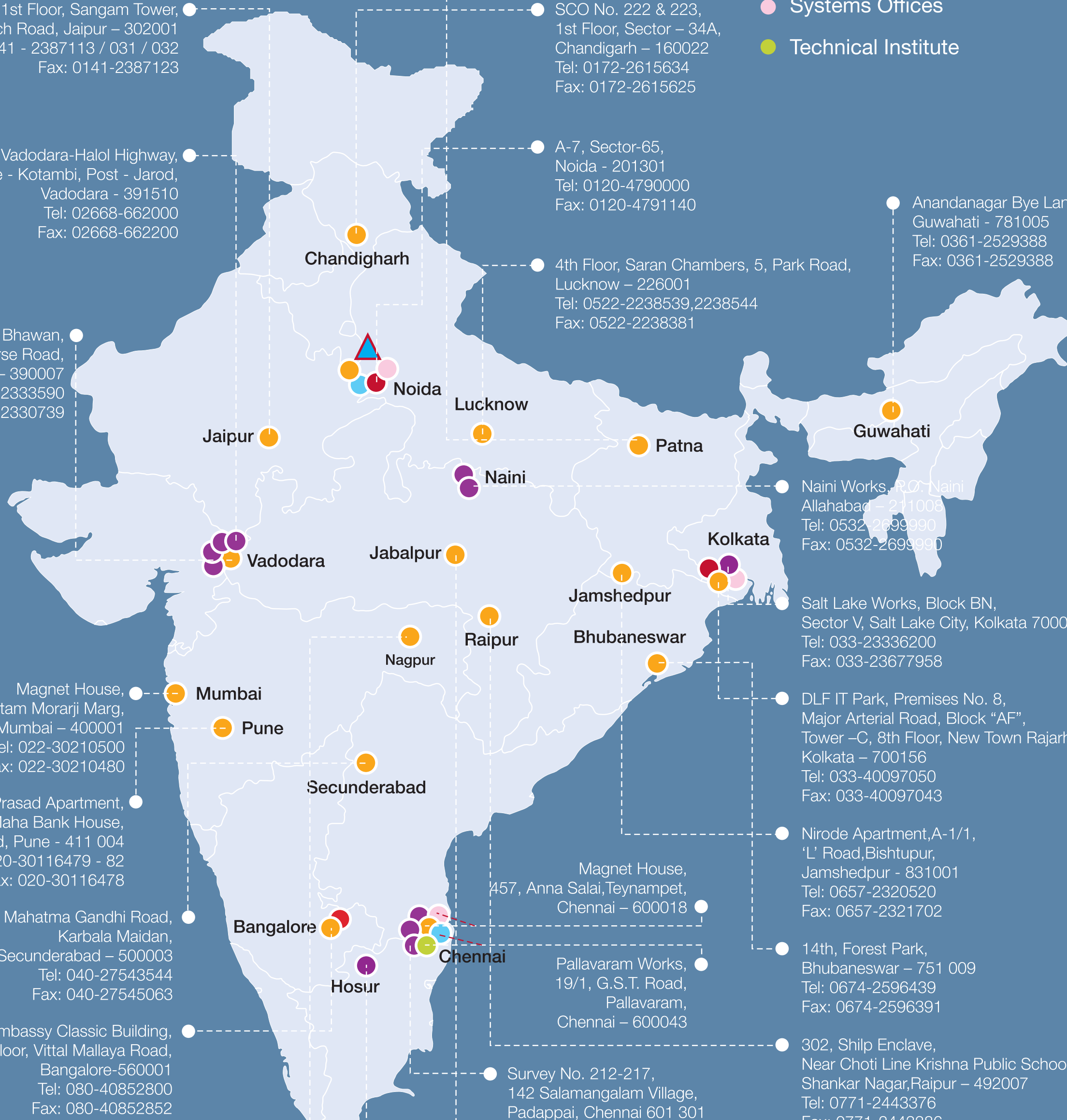
Registered Office:
E-48/7, Okhla Industrial Area,
Phase II, New Delhi - 110 020.
Tel : 91 11 4762 9100

Country Office :
A-7, Sector - 65, Noida,
Uttar Pradesh - 201 301
Tel : 91 120 4790000
Fax : 91 120 4791140

www.areva-td.in

OUR GEOGRAPHICAL SPREAD IN INDIA

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



Saikripa, East Boring Road,
Mandal Compound,
Patna – 800001
Tel: 0612-2524l657

106, 1st Floor, Sangam Tower,
Church Road, Jaipur – 302001
Tel: 0141 - 2387113 / 031 / 032
Fax: 0141-2387123

SCO No. 222 & 223,
1st Floor, Sector – 34A,
Chandigarh – 160022
Tel: 0172-2615634
Fax: 0172-2615625

Milestone-87, Vadodara-Halol Highway,
Village - Kotambi, Post - Jarod,
Vadodara - 391510
Tel: 02668-662000
Fax: 02668-662200

A-7, Sector-65,
Noida - 201301
Tel: 0120-4790000
Fax: 0120-4791140

Anandanagar Bye Lane 3,
Guwahati - 781005
Tel: 0361-2529388
Fax: 0361-2529388

4th Floor, Saran Chambers, 5, Park Road,
Lucknow – 226001
Tel: 0522-2238539,2238544
Fax: 0522-2238381

Vanijya Bhawan,
Race Course Road,
Vadodara – 390007
Tel: 0265-2333590
Fax: 0265-2330739

Naini Works, P.O. Naini
Allahabad – 211008
Tel: 0532-2699990
Fax: 0532-2699990

Salt Lake Works, Block BN,
Sector V, Salt Lake City, Kolkata 700091
Tel: 033-23336200
Fax: 033-23677958

Magnet House,
Narottam Morarji Marg,
Ballard Estate, Mumbai – 400001
Tel: 022-30210500
Fax: 022-30210480

DLF IT Park, Premises No. 8,
Major Arterial Road, Block "AF",
Tower –C, 8th Floor, New Town Rajarhat,
Kolkata – 700156
Tel: 033-40097050
Fax: 033-40097043

401, Prasad Apartment,
Lane No. 9, Near Maha Bank House,
Prabhat Road, Pune - 411 004
Tel: 020-30116479 - 82
Fax: 020-30116478

Nirode Apartment,A-1/1,
'L' Road,Bishtupur,
Jamshedpur - 831001
Tel: 0657-2320520
Fax: 0657-2321702

Magnet House,
457, Anna Salai,Teynampet,
Chennai – 600018

5/4/187, Mahatma Gandhi Road,
Karbala Maidan,
Secunderabad – 500003
Tel: 040-27543544
Fax: 040-27545063

14th, Forest Park,
Bhubaneswar – 751 009
Tel: 0674-2596439
Fax: 0674-2596391

Pallavaram Works,
19/1, G.S.T. Road,
Pallavaram,
Chennai – 600043

11, Embassy Classic Building,
4th Floor, Vittal Mallaya Road,
Bangalore-560001
Tel: 080-40852800
Fax: 080-40852852

302, Shilp Enclave,
Near Choti Line Krishna Public School,
Shankar Nagar,Raipur – 492007
Tel: 0771-2443376
Fax: 0771-2443386

Survey No. 212-217,
142 Salamangalam Village,
Padappai, Chennai 601 301
Tel: 044 67126501

Plot No. 46,
SIPCOT Industrial Works,
Hosur - 635126
Tel: 0434-4408000
Fax: 0434-4408251

Rabra Complex, Katanga Tiraha,
Narmada Road, Jabalpur - 482001
Tel: 0761-2669461
Fax: 0761-2661214

Fortune Business Centre,
6, Vasant Vihar, W.H.C. Road,
Shankar Nagar,Nagpur - 440010
Tel: 0712-2558581
Fax: 0712-2550070