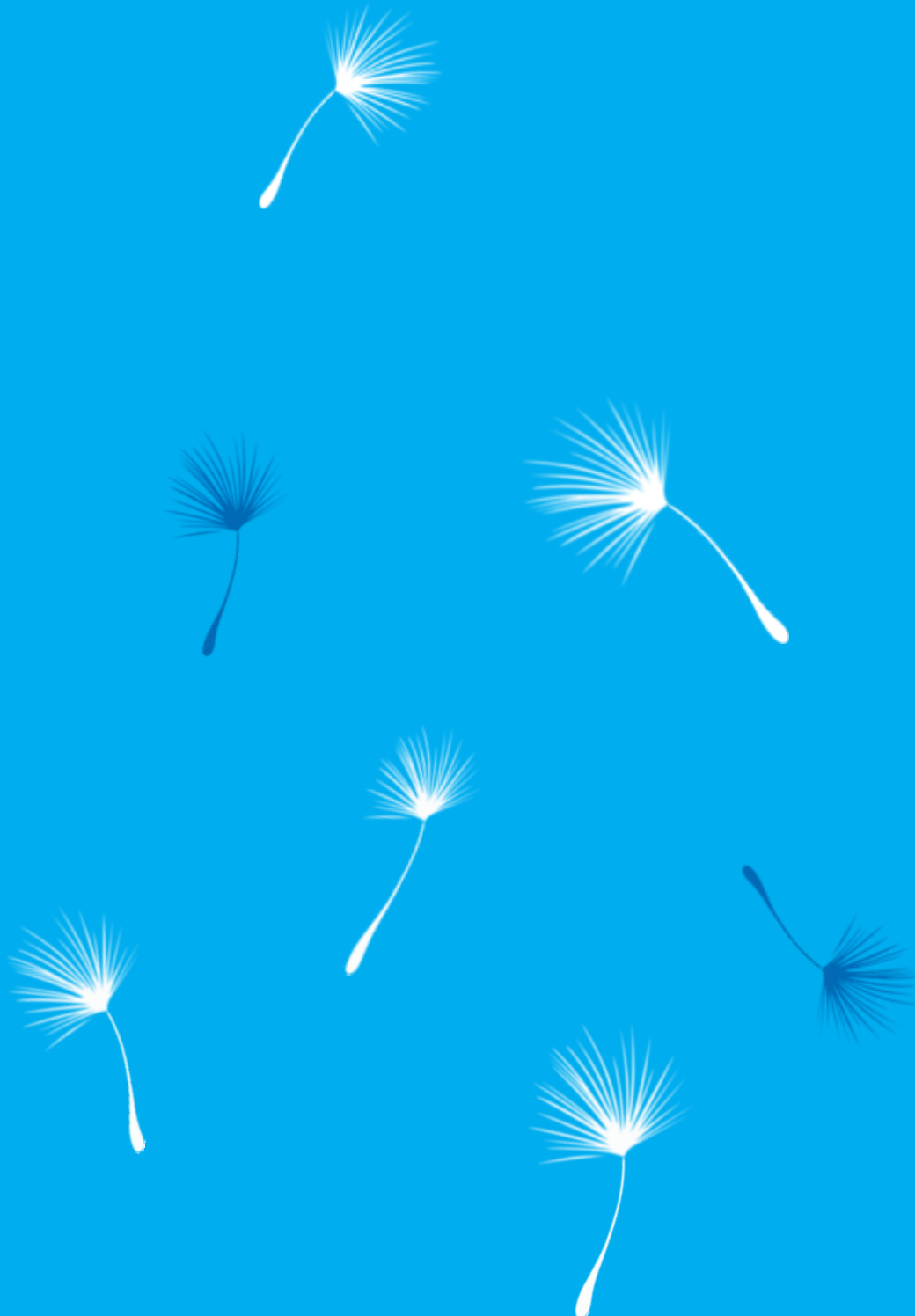
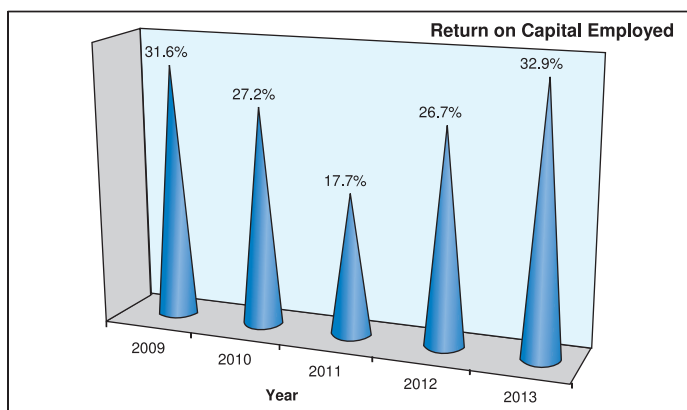
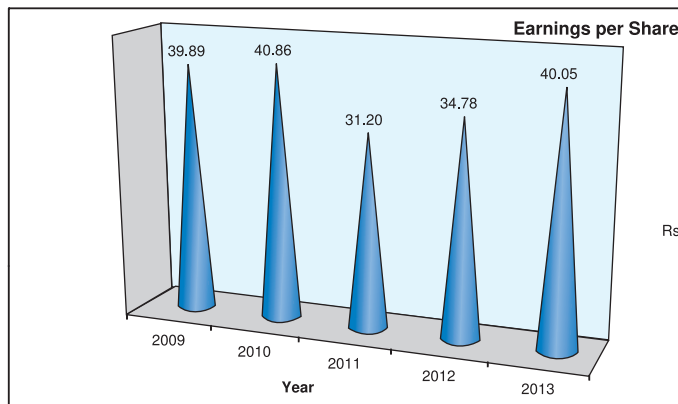
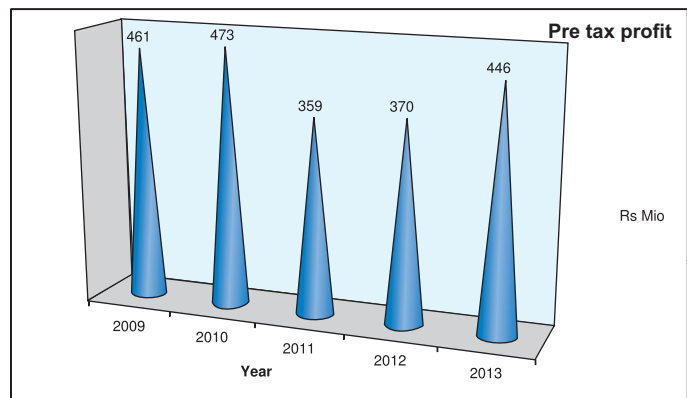
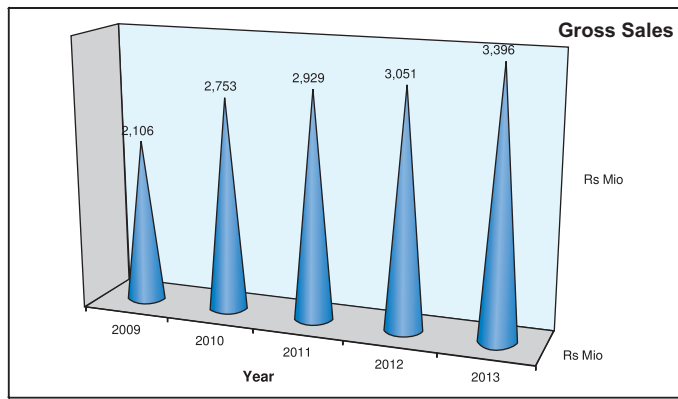


# ELANTAS Beck India Ltd.

## Annual Report 2013





## Board of Directors

Dr. Matthias Wolfgruber  
Chairman

Dr. Guido Forstbach

Mr. Suresh Talwar

Mr. Ravindra Kulkarni

Mr. Ranjal Laxmana Shenoy  
(appointed w.e.f. 28 October 2013)

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

Mr. Ravindra Kumar  
Managing Director  
(appointed w.e.f. 1 January 2014)

Mr. Pradeep Mallick  
(resigned w.e.f. 29 April 2013)

Mr. Rajeev Bhide  
Managing Director  
(resigned w.e.f. 31 December 2013)

## Executive Management

Mr. Ravindra Kumar  
Managing Director

Mr. Sharadkumar Shetye  
Director- Manufacturing

Mr. Sanjay Deosthali  
Business Lines Manager - South Asia

Mr. Sanjay Kulkarni  
General Manager - Finance & Materials

Dr. Vinayak Bhanu  
General Manager-Research & Development

Mr. Shirish Dabir  
Company Secretary & Head-Legal, HRM

Mr. Milind Talathi  
Vice President - Manufacturing

## Company Secretary & Head-Legal, HRM

Mr. Shirish Dabir

## Registered Office & Corporate Office

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

## Works

- 1) 147, Mumbai-Pune Road,  
Pimpri, Pune 411 018
- 2) Plot No. 1 (A, B & C) & 122,  
GIDC Industrial Area,  
Ankleshwar 393 002

## Regional Offices

Bengaluru, Kolkata, New Delhi

## website

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

## Auditors

BSR & Co. LLP  
Chartered Accountants  
703, Godrej Castlemaine,  
Next to Ruby Hall Clinic,  
Bund Garden Road,  
Pune 411001.

## Internal Auditors

Mahajan & Aibara  
1 Chawla House,  
62 Woodhouse Road, Colaba,  
Mumbai 400 005.

## Solicitors

Talwar Thakore & Associates  
3rd Floor, Kalpataru Heritage,  
127, M.G. Road, Fort,  
Mumbai 400 001.

## Bankers

The Bank of Nova Scotia  
HDFC Bank Ltd.  
Kotak Mahindra Bank Ltd.

## Registrars & Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.  
Sam Hita Warehousing Complex,  
Warehouse No 52 & 53, Plot No 13AB,  
2nd Floor, Sakinaka, Andheri (East),  
Mumbai 400 072.

## CONTENTS

	Page
Directors' Report	02
Management Discussion & Analysis Report	07
Report on Corporate Governance	11
Independent Auditors' Report	19
Balance Sheet	22
Profit & Loss Account	23
Cash Flow Statement	24
Notes to Financial Statements	25

# Directors' Report

To the Members,

The Directors have pleasure in presenting the Fifty-eighth Annual Report and the Audited Accounts for the financial year ended 31 December 2013.

## Financial Highlights

(₹ in lacs)

	Year ended 31.12.2013	Year ended 31.12.2012
Income from operations	<b>31,522.68</b>	28,517.24
Profit before Interest, Depreciation & Tax	<b>5,016.25</b>	4,186.91
Depreciation	<b>538.04</b>	474.46
Interest	<b>17.79</b>	10.15
Profit Before Tax	<b>4,460.42</b>	3,702.30
Provision for tax	<b>1,285.31</b>	944.67
Net Profit	<b>3,175.11</b>	2,757.63
Profit & Loss Account brought forward	<b>6,610.91</b>	12,605.69
Profit available for appropriation	<b>9,786.02</b>	15,363.32
Appropriations:		
Proposed dividend	<b>4,360.23</b>	7,293.47
Tax on Dividend distributed	<b>797.36</b>	1,183.18
Transfer to General Reserve	<b>317.51</b>	275.76
Carried to Profit & Loss Account	<b>4,310.92</b>	6,610.91
	<b>9,786.02</b>	15,363.32
Earnings Per Share of Rs. 10/- each.		
Basic and diluted EPS before extra ordinary items (not annualized): ₹	<b>40.05</b>	34.78
Basic and diluted EPS after extra ordinary items (not annualized): ₹	<b>40.05</b>	34.78

## Performance

The sales at ₹ 3031 Mio. for the year ended 31 December 2013 registered 11 % growth over the sales of ₹ 2732 Mio. for the previous year ended 31 December 2012. In terms of sales quantity, the tonnage sold during the year ended 31 December 2013 increased by 5% over the previous year.

Despite the hardening of raw material prices and weakening of the Indian Rupee, the Company's margins improved due to efficient sales price management and raw material cost optimizations.

Company's efforts on reducing costs of its operation and other administrative costs yielded positive results and helped in registering a better profit return, both before and after tax. The Profit before Tax stood at ₹ 446 Mio. and Profit after Tax was reported at ₹ 370 Mio.

## Share Capital

Share Capital Audit as per the directives of the Securities and Exchange Board of India is conducted on a quarterly basis by V.R. Associates, practicing Company Secretaries. The Share Capital & Audit Reports are duly forwarded to BSE Ltd. where the equity shares of the Company are listed. During the year ended 31 December 2013, there was no change in the issued and subscribed capital of the Company, the outstanding capital as on 31 December 2013 was ₹ 79.3 Mio. comprising of 7.93 Mio. shares of ₹ 10/- each.

## Dividend

The Directors are pleased to recommend a dividend of ₹ 55/- per equity share of ₹ 10/- each, for the year ended 31 December 2013.

## Directors

During the year under review, Mr. Pradeep Mallick resigned from the position of the Director of the Company with effect from 29 April 2013 and Mr. Ranjal Laxmana Shenoy was appointed as an Additional Director with effect from 28 October 2013.

Mr. Rajeev Bhide resigned from the post of Managing Director of the Company with effect from 31 December 2013.

Mr. Ravindra Kumar was appointed as the Managing Director with effect from 01 January 2014.

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

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

### Corporate Governance

The Company is committed to have robust governance policies & procedures for maintaining transparency, accountability & integrity in the functioning of the Company. To live up to the same, it has effective management team and adequate financial & human resources in place. With frequent reviews, the Board of Directors supports the Company by lending its expert advice.

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

### Change in address of Registered Office of the Company.

The Company's Registered Office has been shifted from 'Beck House, Damle Path, Off Law College Road, Pune 411004' to '147, Mumbai-Pune Road, Pimpri, Pune 411018' with effect from 22 January 2013.

### Corporate Social Responsibility

The Company continued with its efforts in terms of giving back to the society by contributing to certain social causes like:

- Donation of ₹ 5 lakhs to help the re-settlement and welfare of the victims afflicted by unprecedented floods witnessed by Uttarakhand
- Donation of 100 aprons to ITI, Chinchwad
- Donation of desks, benches & bunk beds to child labour rehabilitation school at Hunsur, Dist. Mysore, Karnataka, an initiative taken at the behest of ALTANA AG.

The Company's employees also in their individual capacities contributed voluntarily to various social causes like:

- Donation of used clothes in a cloth collection drive named 'Vastra Bhet' planned by 'SWaCH', an organization which is a wholly owned co-operative of self-employed waste pickers & waste collectors.
- One day salary contribution towards re-settlement and welfare of the victims afflicted by unprecedented floods in Uttarakhand

### Listing on BSE Ltd.

The Company's shares are listed on BSE Ltd.

### Directors' Responsibility Statement

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed, along with appropriate explanations relating to material departures.
2. The accounting policies have been consistently applied, and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31 December 2013, and the profit for the year ended on that date.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

### Cost Audit

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the accounts to be maintained by the Company with regard to its products. Dhananjay V Joshi & Associates, Cost Accountants, have been re-appointed as Cost Auditors of the Company for the year 2014 in the meeting of Board of Directors held on 26 February 2014, subject to the approval of the Central Government, if required, to conduct an audit of the cost accounting records maintained by the Company. The Cost Audit Report for the financial year ended 31 December 2012 which was due for filing on 29 June 2013, was filed with MCA on 26 June 2013.

### Auditors

The Statutory Auditors, BSR & Co. LLP, Chartered Accountants, Pune, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Board and Audit Committee recommend the re-appointment of BSR & Co. LLP, as Statutory Auditors of the Company, to hold office as such from the conclusion of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting. The Company has received a letter from retiring Auditors to the effect that their re-appointment, if carried out, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

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

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

### Green Initiative

The Company has taken the initiative of going green and minimizing the impact on the environment. The Company has been circulating the copy of its Annual Report and other shareholders' communication, if any, in electronic format to all those Members whose email address is available with the Company. The Company would also encourage other Members to register themselves for receiving Annual Report and other communication in electronic form. Members are requested to refer the contact details and ways to register the email address given under the heading 'Request for the Members' at the end of the Notice of the Annual General Meeting.

### Sexual Harassment of Women at Workplace

There were no cases of sexual harassment filed during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### Compliance on Minimum Public Shareholding

In order to be compliant with the SEBI requirement on minimum public shareholding, necessary steps have been taken by the Company for 'Offer for Sale' to the public on BSE Ltd., for 269,109 equity shares of ₹10 each, aggregating to 3.39% of the total paid up equity share capital of the Company. With the step contemplated, the Company is certain about meeting the compliance of the mandatory requirement of SEBI on minimum public shareholding.

### Particulars of Employees

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

### Industrial Relations

The Company has reached amicable wage settlements with its workmen at Pimpri and Ankleshwar in 2013. These wage settlements, which are for a three years period from 1 January 2013 to 31 December 2015, were negotiated separately for the two sites on the basis of "Region cum Industry" principle. The beneficiary employees at both sites have expressed their satisfaction with the quick and progressive settlement.

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

### Acknowledgements

The Board wishes to place on record its appreciation to all employees for their continued contribution to the performance of the Company. The Board would also like to register its sincere appreciation to the contribution made by its Members.

For and on behalf of the Board

Mumbai  
26 February 2014

Suresh Talwar  
Director

Ravindra Kumar  
Managing Director

## Annexure A to the Directors' Report

### A. CONSERVATION OF ENERGY:

#### (a) Following measures were taken to conserve energy:

- Automatic Form, Fill and Seal machine for Pillow Pouch packing of Elmo Luft 1A replaced by new higher capacity and PLC controlled electro-mechanical filling system fitted, energy efficient machine at Ankleshwar
- Capacity Optimization for processing of products with fillers to save electrical energy at Pimpri
- Installation of variable frequency drives for new equipment
- New Mixer with mechanical seal to save on energy required for degassing of products containing fillers
- Treated water from ETP recycled after carrying out 'Reverse Osmosis' treatment

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

- Modernization of passenger lift with 'energy efficient Inverter based technology' for speed control
- Energy efficient equipment & lighting
- Enhancement of Reactor capacity and productivity by modification of K12 reactor
- Replacement Thermic fluid heater with higher energy efficient equipment
- Automatic Form, Fill and Seal machine to replace older product filling machine
- Installation of Oil Vacuum pumps to replace water-jet ejector vacuum pumps to save power and water
- Energy efficient pumps for hot oil circulation
- Process Instrumentation and Automation to improve productivity and efficiency
- Pneumatic conveying system for charging fillers and solid raw materials

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

In the light of strong growth in the earlier years, the Company had invested in new higher capacity utilities equipment. However, lower than expected production volume resulted in a small rise in overall energy consumption per Metric Ton of production due to higher base consumption for higher capacity equipment like compressors. Shift to raw materials which require heating prior to use and some that require special low temperature storage also added to higher energy consumption. The Company has succeeded in keeping the overall consumption in control despite changes in raw materials and processing parameters. Increased rates of purchased electricity and fuel have also contributed to rise in per Ton energy cost.

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

	Year ended 31 December 2013	Year ended 31 December 2012
a. POWER & FUEL CONSUMPTION		
1) Electricity		
a) Purchased Unit (KWH in lacs)		
Total KWH	27.60	28.15
Total amount (₹ In lacs)	186.08	190.06
Rate / KWH (₹)	6.74	6.75
b) Own generation		
(i) Through Diesel generator		
Units (KWH in lacs)	0.62	0.72
Units per ltr. of Diesel Oil	3.37	3.11
Cost / Unit (₹)	16.96	15.30
(ii) Through Steam turbine / generator		
Units (KWH)	-	-
Units per ltr. of fuel oil / gas	-	-
Cost / Unit (₹)	-	-
2) Coal		
Quantity (Tonnes)	-	-
Total amount (₹ In lacs)	-	-
Average Rate (₹ / MT)	-	-
3) Furnace Oil (LDO/HSD)		
Quantity (K. ltrs.)	276.00	281.00
Total amount (₹ In lacs)	179.93	177.00
Average Rate (₹ / KL)	65,192.00	62,989.00
4) Natural Gas		
Quantity (KM3)	579.00	517.00
Total amount (₹ In lacs)	206.37	150.66
Rate (₹ / KM3)	35,642.00	29,141.00
b. CONSUMPTION PER M.T. OF PRODUCTION		
Products : Wire Enamels, Impregnating Varnishes & Synthetic Resins		
Electricity (KWH)	159.33	171.88
Furnace Oil in ltrs (LDO/HSD)	15.56	16.70
Coal	-	-
Natural Gas	32.66	30.78
Others	-	-

## B TECHNOLOGY ABSORPTION

### 1. Specific areas in which R & D was carried out by the Company.

The R&D team is actively engaged in supporting the Company's technologies through manifold activities to maintain a technological edge, provide effective solutions to customers and improve internal productivity through process improvements and introduction of new cost effective raw materials.

The Company's R&D centre was engaged in the development of new insulation materials, and in the absorption of technology acquired from overseas affiliates of ELANTAS group for the manufacture of certain wire enamels, varnishes, epoxy and polyurethane compounds. A new R&D pilot plant has been commissioned at Ankleshwar.

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

Some of the new products introduced and process improvements conducted were:

- Development of high speed polyester and polyesterimide wire enamels.
- Introduction of polyurethane potting compounds for industrial capacitors.
- Introduction of highly flexible epoxy potting system for automobile components.
- Unsaturated polyester resin for industrial ballast application.

- Safer to handle impregnating varnish with higher flash point.
- Cost reduction and process improvement in manufacturing using low cost raw materials including solvents.

### 3. Future plan of action.

- Focus on margin restoration work on existing products.
- Continue adaptation of new products from group companies under 'Technology Transfer' in the Company's business segments to cater to the local market.
- Initiate and continue participation in new global R&D projects for the benefit of local and global customers.
- Improvisation of existing products for cost reduction based on substitution of raw materials and improvement in process efficiency.
- Undertake new projects under the 'Responsible Care' Initiative to avoid ROSH/REACH restricted raw materials.
- To continue participation in the M.Tech training programme for students from local Institute on subjects complementary to the Company's business.

### 4. Expenditure on R & D

(₹. in Lacs)

	Year ended 31.12.2013	Year ended 31.12.2012
(a) Capital	24.51	43.02
(b) Recurring	361.21	455.64
(c) Total	385.72	498.66
(d) Total R & D expenditure as a percentage of total turnover	1.14	1.63

### 5. Technology absorption, adaptation & innovation:

The technology received from the Company's collaborators and/or affiliate companies in respect of new product is modified/adapted to suit customers' needs.

Information regarding technology acquired through purchase/licensing arrangements during the last five years.

Technology imported	Year of import	Has the technology been fully absorbed	If not, when to be absorbed.
Absorption of PAI Wire Enamel insulating technology from affiliate company, in Italy.	2012	Yes	-
Absorption of Epoxy compound technology from affiliate company, in Italy	2013	Yes	-
Absorption of PAI primer wire enamel Technology from affiliate company in Italy.	2013	No	2014

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information regarding foreign exchange earnings and outgo is contained in Note Nos. 33 & 31 respectively to the financial statements.

## Annexure B to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the year ended 31 December 2013.

Name	Designation	Gross Remuneration Subject to tax (₹)	Qualifications	Age & Experience (Years)	Date of Commencement of employment	Last employment held, Designation and Organization
Mr. Rajeev Bhide*	Managing Director	9,703,799	B.Com., F.C.A. Post Graduation D.M.M.	56/33	01.03.2000	Vice-President-Finance. International Computers (India) Ltd., Pune.
Mr. Sharadkumar Shetye	Director-Manufacturing	6,320,114	B.Tech.(Chemical Engg.) D.B.M., M.M.S.	65/43	20.10.1971	-

\* Resigned with effect from 31 December 2013.

#### Notes:

1. The nature of employment is contractual.
2. Other terms and conditions: as per Company's rules.
3. Gross remuneration includes allowances, Company's contribution to provident and superannuation funds, provision for medical entitlement as per Company's rules, monetary value of perquisites calculated as per Income Tax Act / Rules and does not include provisions for leave encashment, premium for gratuity and group insurance.
4. None of the above two employees is a relative of any Director of the Company.



# Management Discussion & Analysis Report

Indian economy is currently witnessing difficult times in more than a decade largely caused by slow pace of reforms and infrastructure development, declining manufacturing output, and high inflation leading to high borrowing cost. Growth estimates for the coming fiscal are less than encouraging. Indian Electrical insulation market was no exception. All major market segments e.g. electrical equipment and Indian automotive industry have shrunk during the year under review. A massive Rupee depreciation and exchange rate fluctuations during 2013 posed significant challenges. This had substantial impact on Company's input costs however; it successfully mitigated this impact considerably by various cost reduction initiatives in procurement and product development areas by leveraging local and ALTANA's capabilities.

Despite adverse market conditions, Company has not only grown well in terms of revenues but also improved its margins by:

- continued focus on carefully chosen market segments
- customer and product portfolio management
- cost optimization
- price adjustments across business lines

Industrial recovery is expected to be slow in the near term. There are little hopes that market sentiments will improve before the general elections in 2014. However, management will continue its efforts in improving the competitive edge and strengthening company's position in the market. The Company has a strong new product and new business development pipeline in place. The management will target these areas to ensure that growth momentum is sustained in relation to the market. Company will focus and appropriately invest in developing capabilities in the area of product and application development, manufacturing at both the plants for enhanced efficiency and optimizing costs across operations. Customer focus is at the center of Company's business strategy, which means Company will continue to focus on supplying high quality products, providing innovative and customized solutions, and excellent after sales service to its customers.

## Segment wise Performance

### Electrical Insulation Systems

The EIS business, comprising Business Lines -Primary Insulations and Secondary Insulations, continues to dominate the portfolio, accounting for 84% of the sales revenue during the year under review.

Company was confronted with various economic and market challenges during 2013 such as continued economic slowdown, weakening rupee, stubborn inflation, slowing demand across sectors of economy and declining manufacturing output.

Customers in primary and secondary electrical insulation market had a difficult year due to worsened economic situation.

The situation of India's 1.3 lakh crore rupee electrical equipment industry, though not different, is somewhat lop sided as indicated below:

- While the overall electrical equipment industry index seems to be in positive mode (April-September 2013), the segments relevant to business cycle of the Company like Rotating Machines, Switchgears, etc. continue to de-accelerate with negative volume growth of around 4% and 7% respectively for first 8 months of current fiscal.
- Although, overall imports of electrical equipment have shown a negative growth, imports of power transformers, motors and generators have risen during the review period despite weakened rupee. This situation has also led to large scale underutilization of domestic capacities.
- However, there were positive developments too. Installed capacity of power segment increased by 23000 MW during 2013. With this performance, the overall power shortages have been minimized, although ironically sub-optimal performance of manufacturing segment has partly contributed to the improved power availability.

Despite grim market situation, EIS segment delivered excellent performance during year under review. The EIS segment had 4% volume growth and 11% value growth during 2013. This clearly signifies improved market position of the Company. The demand slow down notwithstanding, the Company took some bold initiatives like introduction of new products, expansion of customer base, price corrections, etc., while the sustained endeavor for internal cost optimization continued unabated. Therefore, though the user segments could not remain insulated from the hostile market situation, the Company's position as market leaders continues to remain more than secured.

## Electronic & Engineering Materials

Electronic & Electrical (EL) Compounds has been identified as the potential growth area for the Company. The growth prospects are very promising in view of the specialty product offerings for Electronics, Auto Electricals, High Voltage castings, Amorphous core bonding in Transformers.

Speciality Epoxy & Polyurethane Products of the Company catering to Auto & allied industries have been well received by the OEM customers and are slowly replacing the conventional imported systems from Japan, Korea, Italy, Sweden etc. In view of this, the Company is focusing on substituting products imported by customers. Some of these opportunities became more attractive due to weakened rupee during 2013. In this product line, the Company is getting active help from European & US affiliates of ELANTAS for speedy development & offering better products. This has created opportunities in new areas e.g. RO filtration membranes, LED potting, Advanced battery adhesives.

The Company is well equipped to develop and supply speciality products meeting global technical specifications using its global technology network within ELANTAS group. The Company offers environmentally safe 'RoHS & REACH' compliant products to meet specific customer demand.

To actively support manufacturers and customers exporting their products, the Company also offers UL approved (Underwriters Laboratory) products, in Epoxy & Polyurethane formulations. The response from the customers to such new products is quite encouraging.

In order to meet the global product validation criteria, the Company has taken concrete measures to strengthen its 'Research & Development' & 'Technical Services'. Upgradation of Technical Services laboratory is already underway, which will provide better & speedy services to the Company's customers.

The Company made all-out efforts to further strengthen market position with respect to quality, product solution expertise, innovation and service.

## Current Future & Outlook

Considering that growth forecast of the Indian economy is around 5% in fiscal year 2014-15, the Company anticipates slow improvement in business scenario in the near future. With consumer inflation staying very high despite various measures taken by Indian Government, no major sign of improvement in current account and fiscal deficit, political uncertainty, slow pace of development initiatives by government and no improvement in rupee situation, business prospects hold little promise in short term.

The Company will continue to focus on high growth segments within overall difficult market and align its resources to capture the value from such segments. The Company has been successful with this approach in the last year and hopes to continue to out-perform the market. While doing so, managing and optimizing cost across operations during such difficult times will remain a priority.

## Company Performance

The Company's performance during the year under report improved as compared to previous year. Sales at ₹ 3031 Mio. during the year ended 31 December 2013 showed an increase of 11% and also in terms of volume, sales increased by 5%. The Company registered a growth in profitability.

Notwithstanding the adversities faced in terms of hardening of raw material prices and rupee depreciation, the Company did manage to improve its margin due to efficient sales price management and raw material cost optimizations.

The Company continued to focus on reduction of its operation and other administrative costs, which yielded positive results and helped register a better profit return. The Profit before Tax was at ₹ 446 Mio. and Profit after Tax was at ₹ 370 Mio.

Net Cash Flows from operating activities during the year at ₹ 232 Mio. were lower as compared to ₹ 256 Mio. during the previous year.

## Internal Control Systems

The Company has appropriate Internal Control Systems for business processes, financial reporting & controls, compliance with applicable laws, regulations etc.

Regular internal audits and checks ensure that system and procedures are continuously improved. The Audit Committee of Board of Directors reviews the adequacy and effectiveness of Internal Control Systems and suggests ways of further strengthening them from time to time.

## Technical Management and Infrastructure Development

In keeping with its belief that significant growth potential exists over a long term in its product segments, the Company has upgraded the infrastructure at its manufacturing sites to manufacture and supply larger volumes of products to the customers. Such up-gradation includes completion of projects for reorganization of production at both the sites. This has paved the way for efficient production.

The Company believes that its leadership in the Electrical Insulations industry is an outcome of its long standing reputation in India and overseas, for excellence in product quality and technical services of high standards. Such a reputation has been built over many decades of satisfied customers and the Company works hard to maintain it even today through technological superiority, operational excellence and cost effectiveness, a fact which is underlined by the following examples:

- A Thinning Vessel of 27 CuM capacity installed and commissioned for wire enamel capacity enhancement
- Four Storage tanks of 24 KL capacity each installed & commissioned for Imported Solvents
- Dock Leveller for efficient and safe material handling and handling of ISO containers

The Company had commenced a new Research and Development Centre last year at Ankleshwar. It took a step further by installing a 250 Litre Pilot Plant to carry out new product and process development work. This helped in experimenting with and establishing processes using alternative raw materials.

The operations of the waste treatment plant and reverse osmosis process are now fully established enabling recycling of all output from the RO plant at Pimpri.

Various steps were initiated at both plants to enhance production capacity in order to cater to the market potential for the Company's products. Besides this, the Company undertook technical improvements in plant engineering and manufacturing processes by benchmarking with its overseas affiliates. Technical and Operations related focused groups established under the stewardship of ALTANA and ELANTAS, Germany, devote their efforts exclusively for ensuring optimization of the production methods & processes towards energy conservation and safety. The Company regularly participates in the deliberations of these focused groups across all sites.

The Company thus continuously strives to reduce running costs, lower energy consumption, enhance plant effectiveness, improve EH+S Standards and raise product performance.

## Quality, Environment and Occupational Health & Safety Management .

The Company is fully committed to strengthen the process of Quality, Environment, Occupational Health and Safety Management. It implements reasonable and practicable steps to protect the health and safety of its employees and the community, as well as to ensure that its products and processes do not cause any adverse impact on environment. It believes that sustainable development is possible only through conscious steps taken to reduce energy consumption, adoption of eco-friendly processes and avoiding wasteful use of scarce natural resources.

The Company's works at Pimpri and Ankleshwar and the Corporate Office are certified for compliance with Integrated Management System (IMS) comprising certification to ISO 9000, 14000 and BS OHSAS 18000, which encompass the management of Quality, Environment and Occupational Health & Safety. The works at Pimpri & Ankleshwar and the new Corporate Office at Pimpri were subjected to a Recertification Audit by TÜV NORD during the year and the IMS certification was successfully renewed for a further three year period ending August 2016.

## Research & Development

The process of innovation is very important to the Company's operations. R&D is an important part of the Company's innovation endeavour, which helps to create value through continuous product development and process upgradation.

The Company's active participation in ALTANA's global R&D initiatives also allows it to have ready access to recent technological developments in the processing, application and end use of insulation products.

The R&D teams at Pimpri and Ankleshwar are actively engaged in working on margin restoration projects related to the existing products. The setting up of a pilot plant at Ankleshwar is expected to help reduce the product development cycle time.

The developmental activity in EL compounds business is showing enhanced responsiveness, with a variety of products developed in the last two years.

The R&D team is engaged in a wide range of activities aimed at maintaining technological edge, providing effective solutions to the customers, improving internal productivity through process improvements by using alternative raw materials.

## Human Resources/ Industrial Relations

The Company firmly believes that amongst all the resources which drive business, Human Resource is the only resource capable of delivering more results than expected.

The Company's approach towards nurturing and nourishing a pool of talent of experienced & skilled people for maintaining market leadership is based on this strong conviction. To fortify this belief, Company's Human Resources Management Team continuously endeavours to understand some of the useful HR management practices being followed locally as well as to adopt HR management practices followed overseas by ALTANA AG., for implementation within the Company.

During the year, the Company successfully concluded long term wage settlement with its workmen leading to continued harmonious and positive industrial relations at both the locations of the Company.

## Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be interpreted as "forward-looking statements" within the meaning of applicable securities, laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to Company's operations include economic conditions affecting demand / supply, price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes.

For and on behalf of the Board

Mumbai  
26 February 2014

Suresh Talwar  
Director

Ravindra Kumar  
Managing Director

# Report on Corporate Governance

ELANTAS Beck India Ltd.

## 1. ELANTAS Beck's philosophy on Corporate Governance:

The Company strives to adopt best governance and disclosure practices for promoting and maintaining integrity, transparency and accountability in the higher echelons of management, from where the governance culture percolates. The Company is committed to provide transparency, accessibility and timely disclosure of information about all its operations to the Board, which plays a critical role in achieving the Company's objective of maximizing the short and long-term interests of its shareholders and other stakeholders.

## 2. Board of Directors

### (a) Composition and functioning:

During the year under review, Mr. Pradeep Mallick resigned from the position of the Director of the Company with effect from 29 April 2013 and Mr. Ranjal Laxmana Shenoy was appointed as an Additional Director with effect from 28 October 2013.

Mr. Rajeev Bhide resigned from the position of Managing Director of the Company with effect from 31 December 2013, and Mr. Ravindra Kumar was appointed as the Managing Director with effect from 01 January 2014.

Consequent to this, the Board now comprises six Directors. Dr. Matthias Wolfgruber is the Non-Executive Chairman and Mr. Ravindra Kumar is the Managing Director. Dr. Guido Forstbach is Non-Executive Overseas Director. Mr. Suresh Talwar, Mr. Ravindra Kulkarni and Mr. Ranjal Laxmana Shenoy are Non-Executive Independent Directors. Mr. Sharadkumar Shetye, while being Executive Director in the wholetime employment of the Company, is also Alternate Director to Dr. Guido Forstbach.

The Managing Director and the Executive Directors are involved in the day-to-day management of the Company, while the Non-Executive Directors bring in the external perspective and independence in decision making.

The composition of the Board and number of other Companies / Committees on which the Director of the Company is a Director / Member / Chairman:

Name of Director	Other Directorships	Other Committee Memberships (including Chairmanships) #	Other Committee Chairmanships #
Dr. Matthias Wolfgruber *	-	-	-
Dr. Guido Forstbach *	-	-	-
Mr. Suresh Talwar **	39	6	3
Mr. Ravindra Kulkarni **	9	5	1
Mr. Ranjal Laxmana Shenoy ** @	1	1	-
Mr. Ravindra Kumar *** \$	-	-	-
Mr. Sharadkumar Shetye *** (Alternate to Dr. Guido Forstbach)	-	-	-
@ Appointed as a Director with effect from 28 October 2013 \$ Appointed as Managing Director with effect from 01 January 2014			
Note: Mr. Pradeep Mallick resigned from the position of Director of the Company with effect from 29 April 2013. Mr. Rajeev Bhide resigned from the position of Managing Director with effect from 31 December 2013.			

\* Non-Executive Director \*\* Non-Executive Director –Independent \*\*\* Executive Director

# Memberships of Audit Committee and Share Transfer cum Investors' Grievance Committee of all Public Limited Companies have been considered.

### (b) Meetings and Attendance:

- During the financial year ended 31 December 2013, six Board meetings were held on 22 January, 27 February, 29 April, 23 July, 28 October and 23 December.

(ii) The Directors attended the meetings as follows:

Name of Director	Meetings held during the tenure of Director	Meetings attended	Last AGM
Dr. Matthias Wolfgruber	6	1	No
Dr. Guido Forstbach	6	1	No
Mr. Suresh Talwar	6	6	Yes
Mr. Ravindra Kulkarni	6	6	Yes
Mr. Ranjal Laxmana Shenoy *	2	2	N.A.
Mr. Ravindra Kumar **	N.A.	N.A.	N.A.
Mr. Sharadkumar Shetye	6	5 #	Yes
Mr. Pradeep Mallick ***	3	2	No
Mr. Rajeev Bhide ****	6	5	Yes
* Appointed with effect from 28 October 2013 ** Appointed as Managing Director with effect from 01 January 2014 *** Resigned with effect from 29 April 2013 **** Resigned as Managing Director with effect from 31 December 2013 # Attended by invitation on 27 February 2013			

#### (c) Information placed before the Board:

The following information inter-alia is generally furnished to the Board on a periodic basis for review:

- annual operating business plans, Capital & Revenue budgets and updates thereto
- business performance and financial results on a quarterly / yearly basis
- business environment and relevant industry analysis
- investment of operating surpluses in mutual funds & bank deposits and the performance of such investments
- quarterly, year end results of the Company including its segment-wise break-up
- appointment of statutory, internal and cost auditors
- observations of the internal auditor and issues related to internal controls and business process improvement
- minutes of the Audit Committee and of other Committees Meetings
- position of accounts receivable, inventories and other significant items of working capital
- any materially significant default in discharge of financial obligations by and towards the Company
- status of pending litigations by and against the Company and position of contingent liabilities
- materially important show cause, demand and penalty notices
- significant developments in the area of human resources management and industrial relations
- details of the insurance programme implemented by the Company
- related party transactions for approval
- issue / revocation of Power of Attorney
- significant capital expenditure projects
- business risks with focus on specific risks faced by the Company as laid down in its Risk Management Manual and also risks in general
- information on other relevant matters requiring the approval of the Board

The Board is presented with the above information as and when it becomes materially significant for an effective review. These are either furnished as a part of the agenda papers sent in advance of the Board Meetings, or are tabled / presented for discussion in the course of the proceedings of the Board Meetings or meetings of the relevant Committees.

#### (d) Remuneration Policy:

Within the overall limits fixed by the shareholders in a General Meeting, the Board decides the remuneration of Executive Directors. Remuneration comprises basic salary, perquisites and performance based incentive, which is decided annually by the Board taking into consideration the Company's performance against financial targets and non-financial objectives as well as the performance of the individual concerned against individual objectives agreed during the course of the year.

The remuneration levels are governed by industry pattern, qualifications and experience of the employee, responsibilities shouldered, individual performance and Company performance. The objectives of the remuneration policy are to motivate employees to excel, recognize and reward merit, and retain talent within the organization.

Name and Designation	Salary	Perquisites	Performance Salary	Retirement benefits	Total	Term of Appointment
Mr. Rajeev Bhide (Managing Director)	25.54	35.91	28.70	6.89	97.04	5 Years from 1 August 2011
Mr. Sharadkumar Shetye (Director-Manufacturing)	23.65	16.07	17.32	6.16	63.20	1 Year from 28 May 2013
<b>Total</b>	<b>49.19</b>	<b>51.98</b>	<b>46.02</b>	<b>13.05</b>	<b>160.24</b>	

## Notes:

- (1) The above excludes accrual for employee benefits as the amount pertaining to the Directors is not separately ascertainable as the accrual / contribution is done for the Company as a whole on the basis of an actuarial valuation.
- (2) The Company does not have a Stock Option Scheme.
- (3) Notice period for severance of agreement with the Executive Directors & Managing Director is six months. However, no compensation is payable.

The Board of Directors decides the remuneration of Non-Executive Directors, which comprises sitting fees and commission based on the net profits of the Company. As approved by the members, commission is limited to 1 % of the net profits of the Company.

Details of remuneration of Non-Executive Directors for the year ended 31 December 2013:

Name	Sitting fees (₹)	Commission (₹)
Mr. Suresh Talwar	120,000	300,000
Mr. Ravindra Kulkarni	120,000	300,000
Mr. Pradeep Mallick	40,000	100,000
Mr. Ranjal Laxmana Shenoy	40,000	75,000
<b>Total:</b>	<b>320,000</b>	<b>775,000</b>

### 3. Board Committees:

The Board currently has two committees: the Audit Committee and the Share Transfer cum Investors' Grievance Committee. The Board is responsible for constituting, assigning and co-opting the Members of the Committees.

#### (a) Audit Committee:

During the financial year ended 31 December 2013, five Audit Committee meetings were held on 22 January, 27 February, 29 April, 23 July, and 28 October.

During the year under review, Mr. Pradeep Mallick resigned from the position of the Member of the Audit Committee of the Company with effect from 29 April 2013 and Mr. Ranjal Laxmana Shenoy was appointed as Member of the Audit Committee with effect from 28 October 2013.

The Audit Committee comprises Mr. Ravindra Kulkarni (Chairman), Dr. Guido Forstbach, Mr. Suresh Talwar and Mr. Ranjal Laxmana Shenoy. All members of the Audit Committee are Non-Executive Directors.

All the Members of the Audit Committee are financially literate with some having accounting or related financial management expertise.

The Managing Director, General Manager-Finance & Materials, representatives of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee meetings. The Company Secretary is the Secretary of the Committee.

The Audit Committee ensures that the internal controls within the Company and financial reporting processes are robust. It regularly reviews the Financial Statements on a quarterly and yearly basis and periodically meets to review and discuss, inter-alia, related matters such as:

- financial reporting system, internal control systems and internal control procedures in the Company
- reports of Statutory Auditors, Internal Auditors and Cost Auditors
- Internal Audit Programme & procedures and its approval and implementation
- status report of 'Actions taken' on the findings and recommendations of the Internal Auditors, agreed and accepted by the Management
- compliance with regulatory guidelines
- compliance with respect to Clause 49 of the Listing agreement
- position of overdue / doubtful book debts and action plans for collection
- other activities included in the scope of the Audit Committee and forming part of the Terms of Reference approved by the Board of Directors
- details, if any, of cheques bounced and consequent action taken
- reviewing the quarterly and annual statements



- recommendation of the appointment of statutory / internal / cost auditors and their remuneration
- disclosure of any related party transactions
- review of the annual Management Discussion & Analysis Report

The Audit Committee is at liberty to meet the operating management in order to review the operations of the Company. The minutes of the Audit Committee meetings are circulated to the Board, discussed and taken note of.

The Members attended the meetings as follows:

Name of the Member	Meetings held during the tenure of Member	Meetings attended
Mr. Ravindra Kulkarni	5	5
Dr. Guido Forstbach	5	1
Mr. Suresh Talwar	5	5
Mr. Pradeep Mallick	3	2
Mr. Ranjal Laxmana Shenoy	1	1 *
* Attended by invitation on 28 October		

#### (b) Share Transfer cum Investors' Grievance Committee:

(i) **Composition:** Due to the resignation of Mr. Ravindra Kulkarni and Mr. Rajeev Bhide as its Chairman and Member respectively, it is proposed to reconstitute the Share Transfer cum Investors' Grievance Committee (STIGC) with Mr. Ranjal Laxmana Shenoy as the Chairman and Mr. Ravindra Kumar as the Member with effect from 26 February 2014. With this step contemplated, STIGC would now comprise Mr. Ranjal Laxmana Shenoy (Chairman), Mr. Ravindra Kumar and Mr. Sharadkumar Shetye. STIGC deals with all matters relating to shareholders / investors complaints in addition to the approval of transfer / transmission of shares, issue of duplicate share certificates and issuance of share certificates after split / consolidation / renewals thereof. In the absence of the Chairman, the members present elect one amongst themselves to chair the meeting of the Committee. During the year ended 31 December 2013, twelve STIGC meetings were held. As of 31 December 2013, there were no unresolved investor complaints pending and no shares pending transfer.

Scope of the Share Transfer cum Investors' Grievance Committee:

- to review and discuss the nature of shareholders / investors' complaints received
- to oversee transfer of shares, non-receipt of annual reports/ dividend warrants, requests for issue of duplicate share certificates, consolidation, split, transmission and transposition of shares etc.
- to look into requests for dematerialization of shares and status of physical holdings
- to review total number of complaints received and replied to the satisfaction of shareholders
- to oversee the performance of Registrar & Share Transfer Agents and recommend measures to improve investor services

Mr. Shirish Dabir, Company Secretary is designated as the Compliance Officer.

#### (ii) Complaints:

Number of Investor Complaints received during the period 1 January 2013 to 31 December 2013:	4
Number of Investor Complaints resolved during the period 1 January 2013 to 31 December 2013:	4
Number of Investor Complaints pending at the end of the period 1 January 2013 to 31 December 2013:	0
Number of SEBI registered Investor Complaints pending unresolved as at 31 December 2013:	0

#### 4. Other Information:

##### (a) Code of Conduct:

The Company has drawn up a Code of Conduct for Executive Directors and Senior Management which has been adopted by the Board and posted on the Company's website as well as the Company's intranet for the ready reference of employees.

##### (b) CEO/CFO Certificate

A certificate from the Managing Director and General Manager- Finance & Materials on the integrity of the financial statements and other matters of the Company for the financial year ended 31 December 2013 was placed before the Board at its meeting held on 26 February 2014.

##### (c) Risk Management:

The Company reviews its risk management systems and processes from time to time. The findings are discussed from time to time at the meetings of the Audit Committee and the Board of Directors. The Company has put in place a comprehensive Enterprise Risk Management Manual which contains an in-depth evaluation and assessment of the adequacy of its risk management systems in various areas of risks. The Company has categorized its risks into three major categories viz. Financial, Strategic, and Operational risks. The Company also periodically reviews the risks like Fire & Explosion, Effluent/Gas leakages, Use of Wrong Materials, Accidents and Liability Suits.



#### (d) General Body Meetings:

(i) Location & time of Annual General Meetings:

Financial Year ended	Date	Time	Place
31 December 2010	19 April 2011	3.00 p.m.	Hall No.4, 'A' Wing, 5 <sup>th</sup> Floor, MCCIA Trade Tower, ICC Complex, Senapati Bapat Road, Pune 411016.
31 December 2011	18 April 2012	3.30 p.m.	
31 December 2012	29 April 2013	3.30 p.m.	

(ii) One Special Resolution regarding payment of remuneration by way of commission to Non-Executive Independent Directors, was passed at the Annual General Meeting held on 29 April 2013.

(iii) All resolutions moved at the Annual General Meetings were passed by a show of hands by the requisite majority of members attending the meetings.

#### (e) Postal Ballot

During the year, no special resolution was passed through Postal Ballot.

#### (f) Disclosures:

In terms of the requirements of Accounting Standard 18 on Related Party Disclosures issued by the Companies (Accounting Standard) Rules, 2006, transactions with related parties have been adequately disclosed in the notes to accounts forming part of the Balance Sheet as at 31 December 2013. There were no transactions of material nature with the Directors or the management or their subsidiaries or relatives during the year that might have potential conflict with the interests of the Company.

SEBI had issued Order dated 4 June 2013 wherein the name of the Company was included in the list of non-compliant companies for non-compliance with the minimum public shareholding requirements and certain restrictions on the voting rights & directorships of the Directors of the Company were imposed. In order to be compliant with the SEBI requirement on minimum public shareholding, necessary steps have been taken by the Company for Offer for Sale to the public on BSE Ltd., for 269,109 equity shares of ₹ 10 each, aggregating to 3.39% of the total paid up equity share capital of the Company. With the step contemplated, the Company is certain about meeting the compliance of the mandatory requirement of SEBI on minimum public shareholding.

Apart from the above, there were no instances of non-compliance by the Company and no penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter relating to the capital markets, during the last three years.

There have been no instances of any personnel seeking access to the Audit Committee.

The Company is complying with the mandatory requirements and adoption of the non-mandatory requirements under Clause 49.

#### (g) Means of Communication:

The quarterly and annual financial results of the Company are announced within the stipulated period from the end of the respective quarter and are published in the following newspapers viz. Loksatta (Marathi edition in Pune), Free Press Journal (English edition in Mumbai) & Navashakti (Marathi edition in Mumbai), having requisite circulation. The financial results and other major events/ developments concerning the Company are also posted on the Company's website: <http://www.elantas.com/beck-india>.

### 5. General Shareholders' Information:

#### (a) Company Registration details:

The Company is registered in the State of Maharashtra, India, under the jurisdiction of Registrar of Companies, Pune. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24222PN1956PLC134746.

#### (b) 58th Annual General Meeting:

Day, Date & Time	Tuesday, 6 May 2014 at 3.30 p.m.
Place	Hall No. 4, 'A' Wing, 5 <sup>th</sup> Floor, MCCIA Trade Tower, ICC Complex, Senapati Bapat Road, Pune – 411016.
Dates of Book Closure	From Tuesday, 29 April 2014 to Tuesday, 6 May 2014 (both days inclusive).
Dividend payment date	On 30 May 2014, if declared in the Annual General Meeting on 6 May 2014, within the stipulated statutory period.

#### (c) Unclaimed dividends:

i) Pursuant to Sections 205A and 205C of the Act, all unclaimed/unpaid dividend/s remaining unclaimed/unpaid for a period of seven years from the date it becomes due for payment, has to be transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government.

- ii) Following table gives information relating to outstanding dividend account and date when it becomes due for transfer to IEPF in the year 2014.

Financial Year	Dividend payment date	Proposed date for transfer to IEPF *
Y 2006	30.03.2007	30.04.2014
* Indicative date and actual date may vary.		

- iii) In case of non receipt/ non encashment of dividend warrants pertaining to the above dividend payment date and thereafter, Members are requested to correspond with the Company.

**(d) Company's financial year:**

01 January to 31 December

**(e) Listing on Stock Exchanges:**

The Company's shares are listed on BSE Ltd. The Company has paid the listing fees for the period 1 April 2013 to 31 March 2014.

**(f) Stock Performance:**

The monthly High / Low and Closing prices of the equity shares of the Company:

Year 2013	Price of Equity Shares of the Company			Sensex		
Months	High (₹)	Low (₹)	Close (₹)	High	Low	Close
January	1,205.00	980.10	999.05	20,203.66	19,508.93	19,894.98
February	1,145.00	570.00	644.65	19,966.69	18,793.97	18,861.54
March	658.00	615.25	624.90	19,754.66	18,568.43	18,835.77
April	648.40	500.00	503.00	19,622.68	18,144.22	19,504.18
May	518.50	440.00	458.85	20,443.62	19,451.26	19,760.30
June	474.55	425.00	440.50	19,860.19	18,467.16	19,395.81
July	454.60	381.20	393.90	20,351.06	19,126.82	19,345.70
August	414.95	367.05	380.90	19,569.20	17,448.71	18,619.72
September	419.80	356.95	377.25	20,739.69	18,166.17	19,379.77
October	499.90	375.50	469.55	21,205.44	19,264.72	21,164.52
November	490.80	426.00	467.05	21,321.53	20,137.67	20,791.93
December	569.50	443.00	558.10	21,483.74	20,568.70	21,170.68

Stock Code: BSE – 500123. ISIN Number for NSDL & CDSL - INE 280B01018

**(g) Share Transfer System:**

The share transfers received in physical form are processed by the Registrar and Transfer Agent and approved by the Share Transfer cum Investors' Grievance Committee of the Company which usually meets twice in a month or more depending upon the volume of transfers. The share certificates are returned to the member/s within the stipulated period, subject to the documents being valid and complete in all respects. A summary of transfer/ transmission of shares of the Company so approved is placed at every Board Meeting.

**(h) Registrars and Share Transfer Agents:**

Sharepro Services (India) Pvt. Ltd., Mumbai, are the Share Transfer Agents (STA) of the Company. The STA also handles transactions of shares in electronic form as depository interface for the Company.

**(i) Dematerialisation:**

As of 31 December 2013, 7,776,865 shares i.e. 98.10% of the Company's total issued, subscribed and paid-up capital were held in dematerialised form.

**(j) Distribution of Shareholding as of 31 December 2013:**

Shareholding	No. of shareholders	No. of shares	% to total
Less than 500	7,272	604,896	7.63
501 to 1000	166	129,312	1.63
1001 to 2000	90	133,378	1.68
2001 to 3000	19	49,377	0.62
3001 to 4000	13	45,292	0.57
4001 to 5000	5	23,696	0.30
5001 to 10000	11	85,931	1.09
10001 and above	19	6,855,800	86.48
<b>Total:</b>	<b>7,595</b>	<b>7,927,682</b>	<b>100.00</b>

**(k) Shareholders' Profile as on 31 December 2013:**

Class of Shareholder	No. of shares	% to total
Promoters' Group	6,214,870	78.39*
Mutual Funds and UTI	267,875	3.38
Banks, Financial Institutions, Insurance Companies	50	0.00
Private corporate bodies	403,550	5.09
Individuals (including NRIs: 15,896 shares)	1,041,337	13.14
<b>Total:</b>	<b>7,927,682</b>	<b>100.00</b>
* Out of these 3.39% shares are held in trust by ICICI Securities Ltd. for the beneficiaries i.e. ELANTAS GmbH.		

**(l) Compliance with the Minimum Public Shareholding Requirement:**

In line with the requirement specified by SEBI/Ministry of Finance for the existing Listed Companies to have a minimum public shareholding of 25% of its paid up capital, the promoters of the Company viz. ELANTAS GmbH attempted an 'Offer for Sale' Transaction, which was completed on 11 February 2013. Post the 'Offer for Sale' transaction, the promoters' shareholding was brought down from 88.55% to 78.65% and further brought down to 78.39% through Secondary Market sale on the floor of BSE. SEBI had issued Order dated 4 June 2013 wherein the name of the Company was included in the list of non-compliant companies and certain restrictions on the voting rights and directorships of the Directors of the Company were imposed. In order to be compliant with the SEBI requirement on minimum public shareholding, necessary steps have been taken by the Company for 'Offer for Sale' to the public on BSE Ltd., for 269,109 equity shares of ₹ 10 each, aggregating to 3.39% of the total paid up equity share capital of the Company. With the step contemplated, the Company is certain about meeting the compliance of the mandatory requirement of SEBI on minimum public shareholding.

**(m) Plant Locations, Registered Office and address for correspondence:**

(i) Plant Locations: The Company's plants are located at two places as indicated below:

- 147, Mumbai-Pune Road, Pimpri, Pune – 411018, Maharashtra. [Tel: (020) 30610666]
- Plot No.1 (A, B & C) & 122, GIDC Industrial Area, Ankleshwar – 393002  
Dist: Bharuch, Gujarat. [Tel: (02646) 304736]

(ii) Registered Office:

- 147, Mumbai-Pune Road, Pimpri, Pune 411018.  
Tel: (020) 30610800

(Registered Office shifted from 'Beck House, Damle Path, Off Law College Road, Pune 411004 to this place with effect from 22 January 2013)

(iii) Address for correspondence:

In respect of transactions relating to shares:  
Sharepro Services (India) Pvt. Ltd.  
Sam Hita Warehousing Complex,  
Warehouse No 52 & 53, Plot No 13AB, 2nd Floor,  
Sakinaka, Andheri (East), Mumbai-400072.  
Tel: (022) 67720300/347  
Fax: (022) 28591568

In respect of any other matter:  
ELANTAS Beck India Ltd.  
147, Mumbai-Pune Road, Pimpri, Pune 411018.  
Tel: (020) 30610800

For and on behalf of the Board

Mumbai  
26 February 2014

Suresh Talwar                      Ravindra Kumar  
Director                              Managing Director

**Certificate of compliance with corporate governance requirements under Clause 49 of the Listing Agreement**

To the Members of  
ELANTAS Beck India Limited

We have examined the compliance of conditions of corporate governance by ELANTAS Beck India Limited ("the Company") for the year ended 31 December 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. 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 information and explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

**For BSR & Co. LLP**  
**Chartered Accountants**  
Firm Registration No. 101248W

Juzer Miyajiwala  
**Partner**  
Membership No.: 047483

Pune  
26 February 2014

**Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement**

We, Ravindra Kumar, Managing Director and, Sanjay Kulkarni, General Manager- Finance & Materials, in our capacity as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of the Company hereby certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31 December 2013 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For ELANTAS Beck India Ltd.

Mumbai  
26 February 2014

Ravindra Kumar  
Managing Director/ CEO

Sanjay Kulkarni  
General Manager- Finance & Materials/ CFO

**Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Code of Conduct.**

In accordance with Clause 49 I (D) (ii) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year ended 31 December 2013.

For ELANTAS Beck India Ltd.

Mumbai  
26 February 2014

Ravindra Kumar  
Managing Director

# Independent Auditors' Report

To the Members of  
ELANTAS Beck India Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of **ELANTAS Beck India Limited** ("the Company"), which comprise the Balance Sheet as at 31 December 2013, the Statement of Profit and Loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 31 December 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by Section 227(3) of the Act, we report that:

- a) 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;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- e) on the basis of written representations received from the Directors of the Company as on 31 December 2013, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 December 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

**For BSR & Co. LLP**

*Chartered Accountants*

Firm Registration No: 101248W

**Juzer Miyajiwala**

*Partner*

Membership No: 047483

Pune

26 February 2014

## Annexure to the Independent Auditors' Report – 31 December 2013

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of ELANTAS Beck India Limited ('the Company') on the financial statements for the year ended 31 December 2013, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.  
(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.  
(b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of accounts.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and sale of certain goods are for the specialized requirements of the customers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods. Currently, the activities of the Company do not involve sale of services. We have not observed any major weakness in the internal control system during the course of the audit.
5. In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of resins (excluding natural resins) and varnishes and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Wealth tax, Sales-tax, Service tax, Customs duty, Excise duty, Investor Education and Protection Fund and other material statutory dues have been regularly deposited by the Company with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 December 2013 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Wealth tax, Service tax, Customs Duty and Excise duty other than the dues listed in Appendix I, which have not been deposited by the Company on account of disputes.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.



## Annexure to the Independent Auditors' Report – 31 December 2013 (Continued)

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the course of our audit.

**For B S R & Co. LLP**

*Chartered Accountants*

Firm Registration No: 101248W

**Juzer Miyajiwala**

*Partner*

Membership No: 047483

Pune

26 February 2014

## Appendix I to the Independent Auditors' Report

Sr. no.	Name of the Statute	Nature of the Dues	Dues Amount (₹ in lacs)	Amount paid under protest (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
1	Central Excise Act, 1944	Demand of duty on copper scrap	0.93	-	2004	Asst Commissioner, Ankleshwar
			8.11	-	1990-1994	Central Excise and Service Tax Appellate Tribunal, Pune
		Denial of Modvat Credit on certified copy of Bill of Entry	0.93	-	1997	Additional Commissioner, Surat
		Education cess on exports	0.21	-	2004	Dy Commissioner, Pune
		Modvat on repacking activity	49.56	-	1994-1997	Dy Commissioner, Pune
		Valuation under CAS - 4	0.86	-	2007	Central Excise and Service Tax Appellate Tribunal, Mumbai
		Duty on notional resins	34.42 #	-	1982 - 86	Central Excise and Service Tax Appellate Tribunal, Mumbai
2	Sales Tax	Rate of sales tax on Wire Enamels & Varnishes	84.51	1.50	2002-2003	Sales Tax Officer, Delhi
		Non submission of forms at the time of assessment	34.48	6.66	1995-1997, 1998-1999	Commissioner of Sales Tax, Delhi
			185.41 *	3.25	2003-2004	Sales Tax Officer, Delhi
			10.77	3.00	2005-06	Commissioner of Sales Tax, Pimpri
			19.06	5.00	2008 - 09	Commissioner of Sales Tax, Pimpri
3	Finance Act, 1994	CENVAT credit claimed on the basis of letters	75.05	-	2005-2008	Deputy Commissioner of Excise and Service Tax – Large Taxpayer Units, Mumbai
		Service tax credit on outward freight	42.21	-	2005-2008	Deputy Commissioner of Excise and Service Tax – Large Taxpayer Units, Mumbai
		CENVAT on Service Tax paid on Commission on Exports	11.79 #	-	2004-2013	CIT (Appeals), Mumbai

# Excludes amount of interest, as applicable

\* Forms have been submitted along with the appeal

# Balance Sheet as at 31 December 2013

(Currency : ₹ in lacs)

	Note	2013	2012
<b>EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	792.77	792.77
Reserves and surplus	3	10,037.56	12,020.04
		10,830.33	12,812.81
<b>Non-current liabilities</b>			
Deferred tax liability (net)	4	189.65	149.89
Other long term liabilities	5	107.11	149.53
Long term provisions	6	349.56	357.41
		646.32	656.83
<b>Current liabilities</b>			
Trade payables	7	2,436.23	2,546.46
Other current liabilities	8	1,078.79	940.47
Short term provisions	9	5,163.32	8,528.64
		8,678.34	12,015.57
		20,154.99	25,485.21
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
(i) Tangible assets		4,690.33	4,701.46
(ii) Intangible assets		102.72	219.51
(iii) Capital work-in-progress		4.42	27.89
		4,797.47	4,948.86
Non-current investments	11	14.69	14.69
Long term loans and advances	12	260.82	309.43
Other non current assets	13	59.13	61.87
		5,132.11	5,334.85
<b>Current assets</b>			
Current investments	14	4,533.00	9,999.12
Inventories	15	4,377.50	4,471.47
Trade receivables	16	4,671.29	3,849.12
Cash and bank balances	17	1,099.63	1,480.91
Short term loans and advances	18	292.36	294.52
Other current assets	19	49.10	55.22
		15,022.88	20,150.36
		20,154.99	25,485.21
Significant accounting policies	1		
Notes to the accounts	2-41		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

## For B S R & Co. LLP

Chartered Accountants

Firm Registration No : 101248W

**Juzer Miyajiwala**

Partner

Membership No.: 047483

Pune, 26 February 2014

**Shirish Dabir**

Company Secretary

**Suresh Talwar**

Director

**Ravindra Kulkarni**

Director

**Ranjal Laxmana Shenoy**

Director

**For and on behalf of the Board of Directors  
of ELANTAS Beck India Limited**

**Dr Matthias Wolfgruber**

Chairman

**Dr Guido Forstbach**

Director

**Ravindra Kumar**

Managing Director



# Statement of Profit and Loss for the year ended 31 December 2013

(Currency : ₹ in lacs)

	Notes	2013	2012
<b>Revenue from operations</b>	20		
Sale of products (gross)		33,964.28	30,508.46
Less : Excise duty		3,652.76	3,186.58
Sale of products (net)		30,311.52	27,321.88
Other operating revenues		120.86	124.18
		30,432.38	27,446.06
<b>Other income</b>	21	1,090.30	1,071.18
<b>Total revenue</b>		31,522.68	28,517.24
<b>Expenses</b>			
Cost of materials consumed	22	21,324.79	19,238.49
Purchases of stock-in-trade		46.80	43.83
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(333.33)	22.69
Employee benefit expenses	24	1,696.34	1,646.65
Finance costs		17.79	10.15
Depreciation and amortisation expenses	10	538.04	474.46
Other expenses	25	3,771.83	3,378.67
<b>Total expenses</b>		27,062.26	24,814.94
<b>Profit before tax</b>		4,460.42	3,702.30
<b>Tax expenses</b>			
Current tax (net)	26	1,245.55	923.60
Deferred tax charge / (release)		39.76	21.07
		1,285.31	944.67
<b>Profit for the year</b>		3,175.11	2,757.63
Basic and diluted earnings per share (₹)	38	40.05	34.78
Significant accounting policies	1		
Notes to the accounts	2-41		

The accompanying notes form an integral part of the financial statements.  
As per our report of even date attached.

## For B S R & Co. LLP

Chartered Accountants  
Firm Registration No : 101248W

**Juzer Miyajiwal**  
Partner  
Membership No.: 047483  
Pune, 26 February 2014

**Shirish Dabir**  
Company Secretary

## For and on behalf of the Board of Directors of ELANTAS Beck India Limited

**Suresh Talwar**  
Director

**Dr Matthias Wolfgruber**  
Chairman

**Ravindra Kulkarni**  
Director

**Dr Guido Forstbach**  
Director

**Ranjal Laxmana Shenoy**  
Director

**Ravindra Kumar**  
Managing Director

# Cash Flow Statement for the year ended 31 December 2013

(Currency : ₹ in lacs)

Particulars	2013	2012
<b>A. Cash flow from operating activities :</b>		
Profits before tax	4,460.42	3,702.30
<b>Adjustments for:</b>		
Depreciation / Amortisation	538.04	474.46
Interest income	(85.86)	(95.96)
Loss / (profit) on assets sold / scrapped (net)	15.69	10.49
Unrealised loss / (gain) on current investments	0.46	(1.46)
Loss / (profit) on sale of investments	(496.05)	(548.93)
Finance cost	17.79	10.15
Dividend income	(143.23)	(201.74)
	(153.16)	(352.99)
Operating profits before working capital changes	4,307.26	3,349.31
<b>Changes in working capital</b>		
(Increase) / decrease in trade receivables	(822.17)	(68.13)
(Increase) / decrease in inventories	93.97	(634.48)
(Increase) / decrease in loans and advances	(10.39)	129.35
Increase / (decrease) in current and non current liabilities (other than unclaimed dividends)	(55.86)	656.37
Increase / (decrease) in provisions (other than taxation and dividends)	23.12	41.92
Net changes in working capital	(771.33)	125.03
Cash generated from operations	3,535.93	3,474.34
Taxes paid (net of refunds)	(1,214.16)	(914.60)
Net cash flow from / (used in) operating activities	2,321.77	2,559.74
<b>B. Cash flow from investing activities :</b>		
Purchase of fixed assets	(417.19)	(746.20)
Sale of fixed assets	14.85	3.46
Purchase of investments	(13,217.05)	(16,712.95)
Sale of investments	19,178.76	15,285.20
Fixed deposits placed	(700.00)	(1,688.97)
Fixed deposits matured	1,061.31	1,768.43
Interest received	103.61	107.42
Dividend received	143.23	201.74
Net cash generated from / (used in) investing activities	6,167.52	(1,781.87)
<b>C. Cash flow from financing activities :</b>		
Interest paid	(18.48)	(9.32)
Dividend paid (including tax on dividend)	(8,490.78)	(411.79)
Net cash generated from / (used in) financing activities	(8,509.26)	(421.11)
<b>D. Net increase / (decrease) in cash and cash equivalents</b>	(19.97)	356.76
Cash and cash equivalents		
At the beginning of the year	619.60	262.84
At the end of the year	599.63	619.60

Fixed deposits with banks having original maturity of more than three months aggregating to ₹ 500.00 (Previous year ₹ 861.31) are not readily liquid and have been excluded from Cash and cash equivalents. (Refer note 17 & note 42)

The company has undrawn working capital facilities of ₹ 800.00 (Previous year ₹ 800.00)

The accompanying notes form an integral part of the financial statements.  
As per our report of even date attached

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No: 101248W

**Juzer Miyajiwal**  
Partner  
Membership No.: 047483  
Pune, 26 February 2014

**Shirish Dabir**  
Company Secretary

**For and on behalf of the Board of Directors  
of ELANTAS Beck India Limited**

**Suresh Talwar**  
Director  
**Ravindra Kulkarni**  
Director  
**Ranjal Laxmana Shenoy**  
Director

**Dr Matthias Wolfgruber**  
Chairman  
**Dr Guido Forstbach**  
Director  
**Ravindra Kumar**  
Managing Director

# Notes to the financial statements for the year ended 31 December 2013

## 1. Significant accounting policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and the relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. The financial statements have been prepared under the historical cost convention on an accrual basis.

### 1.2 Accounting estimates

The preparation of financial statements in conformity with the generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is prospectively recognised in current and future periods.

### 1.3 Current–non-current classification

All assets and liabilities are classified into current and non-current.

#### Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

#### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company's operating cycle is less than 12 months.

### 1.4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets includes non refundable taxes and duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Depreciation on fixed assets is provided on the straight line method, in the manner and as per the rates specified in Schedule XIV to the Companies Act, 1956 or estimated useful life of an asset whichever is higher, except for assets costing ₹ 5,000 or less, which are depreciated fully in the year of purchase. Leasehold land is amortised over the remaining period of the lease. Rates of depreciation are as follows:

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

Block of Asset	Rate of depreciation
Building and roads	1.63 – 3.34%
Plant and Machinery	4.75 – 10.34%
Computers	16.21%
Furniture and Fixtures	6.33%
Motor vehicles	9.50%

Assets retired from active use and held for disposal are stated at the lower of cost or net realizable value less costs of disposal.

### 1.5 Intangible assets and amortization

Intangible assets are recognized when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured. Intangible assets are recorded at their acquisition price and are amortised over their estimated useful lives on a straight line basis, commencing from the date the assets are available for use. The useful life of the intangible assets is reviewed by the management at each Balance Sheet date. Rates of depreciation are as follows:

Block of Asset	Rate of depreciation
Computer Softwares	33.33%
Other Intangible assets	20%

### 1.6 Impairment of assets

In accordance with AS 28-Impairment of Assets, the carrying amounts of the Company's assets including intangible assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is assessed at the recoverable amount subject to a maximum of depreciable historical cost.

### 1.7 Investments

Investments that are readily realizable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current-non-current classification scheme of revised Schedule VI.

Long term investments (including current portion thereof) are stated at cost less any other- than- temporary diminution in value, determined separately for each individual investment. Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

### 1.8 Inventories

Inventories are stated at lower of cost and net realizable value.

The cost is determined on the basis of Weighted Average method and includes expenditure in acquiring the inventories and bringing them to their existing location and condition. Materials-in-transit are stated at purchase cost.

In the case of manufactured inventories, cost includes an appropriate share of production overheads. Finished goods inventory includes excise duty payable.

Net realizable value is the estimated net sales realization in the ordinary course of business. The comparison of cost and net realizable value is made on an item-by-item basis.

The net realizable value of work-in-progress is determined with reference to the net sales realization of related finished goods.

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

Raw materials and other supplies held for use in production of finished goods are not written down below cost, except in cases where the material prices have declined and it is estimated that the cost of the finished goods will exceed their net realizable value. In such cases, the materials are valued at the lower of replacement cost or ultimate net realizable value.

### 1.9 Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which is at the point of shipment or dispatch of goods. Sales are accounted net of amounts recovered towards sales tax and trade discounts.

Export incentives receivable are accrued for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection of export proceeds

Interest income is recognised on a time proportion basis. Dividend income from investments is recognised when an unconditional right to receive payment is established.

### 1.10 Employee benefits

#### (a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service.

#### (b) Post-employment benefits

(i) Defined contribution plans: The Company's superannuation scheme and state governed provident fund scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

(ii) Defined Benefit Plans: The employees' gratuity fund scheme and cash rewards at the time of retirement are the Company's defined benefit plans. The present value of the obligation under each defined benefit plan is determined based on actuarial valuation at each Balance Sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans are based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested. To the extent the benefits vests immediately, the expense is recognized immediately in the Statement of Profit and Loss. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

#### (c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences, long service awards etc. is recognised in the same manner as in the case of defined benefit plans as mentioned in (b)(ii) above.

When the benefits of a plan are improved, the portion of increased benefit relating to past service by employees is recognized immediately in the Statement of Profit and Loss.

### 1.11 Foreign exchange transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arising on account of such translation and subsequent realization / settlement of foreign exchange transactions are recognized in the Statement of Profit and Loss.

A foreign currency monetary item is classified as long-term if it has original maturity of one year or more.

### 1.12 Taxes on Income

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

### 1.13 Earnings per Share ('EPS')

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti dilutive.

### 1.14 Provisions and Contingencies

#### Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. The provisions are measured on an undiscounted basis

#### Contingencies

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

### 1.15 Contingent Liabilities and Contingent Assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

### 1.16 Leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating lease are recognised as an expense in the Statement of Profit and Loss on a straight – line basis over the lease term. Lease income under operating lease is recognised in the Statement of Profit and Loss on a straight – line basis over the lease term.

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 2. Share capital

(Currency : ₹ in lacs)

	2013	2012
<b>Authorised :</b>		
15,000,000 (previous year 15,000,000) equity shares of ₹ 10 each	<b>1,500.00</b>	1,500.00
<b>Issued, subscribed and fully paid-up :</b>		
7,927,682 (previous year: 7,927,682) equity shares of ₹ 10 each	<b>792.77</b>	792.77
<b>Rights, preferences and restrictions attached to equity shares:</b>		
The Company has a single class of equity shares. Each holder of equity shares is entitled to one vote per share. Accordingly, all equity shares rank equally with regards to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time.		
On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company after distribution of all preferential amounts in proportion to the number of equity shares held.		
<b>Equity shares held by Holding / Ultimate holding company and / or their subsidiaries:</b>		
6,214,870 (Previous year 7,020,316) equity shares of ₹ 10 each held by ELANTAS GmbH (Holding Company)		
<b>Particulars of shareholders holding more than 5% of equity shares:</b>		
6,214,870 Previous year 7,020,316) equity shares of ₹ 10 each held by ELANTAS GmbH. (percentage of holding 78.39%(previous year 88.56%))		

### 3. Reserves and surplus

(Currency : ₹ in lacs)

	2013	2012
Capital reserve (At the commencement and at the end of the year)	<b>40.00</b>	40.00
Share premium (At the commencement and at the end of the year)	<b>695.18</b>	695.18
General reserve		
At the commencement of the year	<b>4,673.95</b>	4,398.19
Add : Amount transferred from surplus	<b>317.51</b>	275.76
	<b>4,991.46</b>	4,673.95
Surplus (Profit and loss balance)		
At the commencement of the year	<b>6,610.91</b>	12,605.69
Profit for the current year	<b>3,175.11</b>	2,757.63
Amount available for appropriations	<b>9,786.02</b>	15,363.32
Less :Appropriations		
Proposed dividend (final) (₹ 55 per equity share (Previous year ₹ 92 per equity share))	<b>4,360.23</b>	7,293.47
Dividend distribution tax	<b>797.36</b>	1,183.18
Transfer to general reserve	<b>317.51</b>	275.76
Net surplus in the statement of profit and loss	<b>4,310.92</b>	6,610.91
	<b>10,037.56</b>	12,020.04

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 4. Deferred tax liability (net)

(Currency : ₹ in lacs)

	2013	2012
Deferred tax liability :		
Difference between book and tax depreciation/ amortisation	317.59	283.16
Accrual for lease rental income (straightlining effect)	15.23	13.91
	332.82	297.07
Deferred tax asset :		
Provision for doubtful trade receivables	4.66	22.44
Provision for compensated absences and other employee benefits	138.51	124.74
	143.17	147.18
	189.65	149.89

### 5. Other long term liabilities

(Currency : ₹ in lacs)

	2013	2012
Security deposits received	107.11	149.53
	107.11	149.53

### 6. Long term provisions

(Currency : ₹ in lacs)

	2013	2012
Provision for employee benefits		
Compensated absences	276.30	295.47
Service awards	51.68	40.00
Gratuity (Refer note no 35)	-	11.95
Termination benefits (Refer note no 35)	21.58	9.99
	349.56	357.41

### 7. Trade payables

(Currency : ₹ in lacs)

	2013	2012
Dues to micro and small enterprises #	12.96	9.70
Dues to creditors other than micro and small enterprises	2,423.27	2,536.76
	2,436.23	2,546.46
# The Company has made above disclosure on the basis of available information received from the vendors and has computed the interest liability as per Micro, Small and Medium Enterprises Development Act, 2006. However in the view of the management, the impact of interest that may be payable in accordance with the provisions of the Act is not material.		

### 8. Other current liabilities

(Currency : ₹ in lacs)

	2013	2012
Unpaid dividends	64.41	22.22
TDS payable	13.42	11.89
PF / ESI payable	13.14	11.98
Sales tax payable	51.61	55.53
Octroi payable	12.28	18.04
Payable on account of purchase of fixed assets	17.00	19.07
Excise duty payable	287.63	189.36
Security deposit from customers	127.00	117.50
Payable to employees	444.13	408.86
Advance from customers	32.44	70.87
Other liabilities	15.73	15.15
	1,078.79	940.47



## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 9. Short term provisions

(Currency : ₹ in lacs)

	2013	2012
Provision for employee benefits		
Compensated absences	46.85	23.27
Service awards	3.42	0.67
Termination benefits (Refer note no 35)	7.65	3.12
Provision for income tax (net of advance tax)	3.40	24.29
Proposed dividend	4,360.23	7,293.47
Dividend distribution tax	741.02	1,183.18
Provision for wealth tax	0.75	0.64
	5,163.32	8,528.64

### 10. Fixed assets

(Currency : ₹ in lacs)

#### 10.1 Tangible fixed assets

	Freehold land	Leasehold land	Building and roads	Plant and equipment	Computers	Furniture and fixtures	Motor vehicles	Total
Balance as at 1 January 2012	354.83	11.27	1,176.66	3,440.01	407.68	91.84	195.81	5,678.10
Additions	-	-	1,224.59	420.61	70.69	333.77	28.32	2,077.98
Disposals	-	-	-	7.94	-	-	26.52	34.46
Balance as at 31 December 2012	354.83	11.27	2,401.25	3,852.68	478.37	425.61	197.61	7,721.62
<b>Balance as at 1 January 2013</b>	<b>354.83</b>	<b>11.27</b>	<b>2,401.25</b>	<b>3,852.68</b>	<b>478.37</b>	<b>425.61</b>	<b>197.61</b>	<b>7,721.62</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>8.03</b>	<b>294.91</b>	<b>21.38</b>	<b>-</b>	<b>101.11</b>	<b>425.43</b>
<b>Disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.32</b>	<b>0.45</b>	<b>32.27</b>	<b>63.39</b>	<b>107.43</b>
<b>Balance as at 31 December 2013</b>	<b>354.83</b>	<b>11.27</b>	<b>2,409.28</b>	<b>4,136.27</b>	<b>499.30</b>	<b>393.34</b>	<b>235.33</b>	<b>8,039.62</b>
Depreciation :								
Balance as at 1 January 2012	-	2.39	292.87	2,127.84	138.68	76.63	66.77	2,705.18
Depreciation for the year	-	0.14	47.67	223.89	31.09	13.54	19.17	335.50
Accumulated depreciation on disposals	-	-	-	3.79	-	-	16.73	20.52
Balance as at 31 December 2012	-	2.53	340.54	2,347.94	169.77	90.17	69.21	3,020.16
<b>Balance as at 1 January 2013</b>	<b>-</b>	<b>2.53</b>	<b>340.54</b>	<b>2,347.94</b>	<b>169.77</b>	<b>90.17</b>	<b>69.21</b>	<b>3,020.16</b>
<b>Depreciation for the year</b>	<b>-</b>	<b>0.14</b>	<b>68.32</b>	<b>245.73</b>	<b>29.66</b>	<b>22.77</b>	<b>39.40</b>	<b>406.02</b>
<b>Accumulated depreciation on disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.04</b>	<b>0.32</b>	<b>31.02</b>	<b>37.51</b>	<b>76.89</b>
<b>Balance as at 31 December 2013</b>	<b>-</b>	<b>2.67</b>	<b>408.86</b>	<b>2,585.63</b>	<b>199.11</b>	<b>81.92</b>	<b>71.10</b>	<b>3,349.29</b>
Net Block as on 31 December 2012	354.83	8.74	2,060.71	1,504.74	308.60	335.44	128.40	4,701.46
<b>Net Block as on 31 December 2013</b>	<b>354.83</b>	<b>8.60</b>	<b>2,000.42</b>	<b>1,550.64</b>	<b>300.19</b>	<b>311.42</b>	<b>164.23</b>	<b>4,690.33</b>
Capital work in progress:								
Balance as at 1 January 2012	-	-	915.30	155.94	-	290.02	-	1,361.26
Additions	-	-	317.32	257.39	-	19.95	-	594.66
Assets capitalised during the year	-	-	1,224.59	393.47	-	309.97	-	1,928.03
Balance as at 31 December 2012	-	-	8.03	19.86	-	-	-	27.89
<b>Balance as at 1 January 2013</b>	<b>-</b>	<b>-</b>	<b>8.03</b>	<b>19.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.89</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>4.42</b>	<b>240.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244.89</b>
<b>Assets capitalised during the year</b>	<b>-</b>	<b>-</b>	<b>8.03</b>	<b>260.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>268.36</b>
<b>Balance as at 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>4.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.42</b>

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 10.2 Intangible fixed assets

(Currency : ₹ in lacs)

	Goodwill	Technical Know-How	Trademarks	Computer Software	Total
Balance as at 1 January 2012	105.36	743.71	222.32	37.83	1,109.22
Additions	-	-	-	1.60	1.60
Disposals	-	-	-	-	-
Balance as at 31 December 2012	105.36	743.71	222.32	39.43	1,110.82
<b>Balance as at 1 January 2013</b>	<b>105.36</b>	<b>743.71</b>	<b>222.32</b>	<b>39.43</b>	<b>1,110.82</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15.23</b>	<b>15.23</b>
<b>Disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2013</b>	<b>105.36</b>	<b>743.71</b>	<b>222.32</b>	<b>54.66</b>	<b>1,126.05</b>
Amortisation:					
Balance as at 1 January 2012	87.99	475.61	157.30	31.44	752.34
Amortisation for the year	7.15	101.61	25.06	5.15	138.97
Amortisation on disposals	-	-	-	-	-
Balance as at 31 December 2012	95.14	577.22	182.36	36.59	891.31
<b>Balance as at 1 January 2013</b>	<b>95.14</b>	<b>577.22</b>	<b>182.36</b>	<b>36.59</b>	<b>891.31</b>
<b>Amortisation for the year</b>	<b>6.00</b>	<b>97.69</b>	<b>23.45</b>	<b>4.88</b>	<b>132.02</b>
<b>Amortisation on disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2013</b>	<b>101.14</b>	<b>674.91</b>	<b>205.81</b>	<b>41.47</b>	<b>1,023.33</b>
Net Block as on 31 December 2012	10.22	166.49	39.96	2.84	219.51
<b>Net Block as on 31 December 2013</b>	<b>4.22</b>	<b>68.80</b>	<b>16.51</b>	<b>13.19</b>	<b>102.72</b>

### 11. Non-current investments

#### Non trade investments

(Currency : ₹ in lacs)

	2013	2012
<b>Unquoted: (at cost)</b>		
146,365 (previous year : 146,365) equity shares of ₹ 10 each fully paid up in Narmada Clean Tech Ltd ( previously known as Bharuch Eco Aqua Infrastructure Limited)	<b>14.64</b>	14.64
33,604 (previous year : 33,604) equity shares of ₹10 each fully paid-up in Roplas (India) Limited.	<b>2.35</b>	2.35
Less : Provision for diminution in value of investment	<b>(2.35)</b>	(2.35)
<b>Quoted: (valued at lower of cost and market value)</b>		
50 (previous year 50) equity shares of State Bank of India of ₹ 10 each fully paid-up at a premium of ₹ 90 per equity share (Market value ₹ 0.88 - previous year ₹ 1.19)	<b>0.05</b>	0.05
	<b>14.69</b>	14.69
<b>Quoted non current investments</b>		
Aggregate book value	<b>0.05</b>	0.05
Aggregate market value	<b>0.88</b>	1.19
<b>Unquoted non current investments</b>		
Aggregate book value	<b>16.99</b>	16.99
Aggregate provision for diminution in value of investments	<b>(2.35)</b>	(2.35)
Aggregate carrying amount	<b>14.64</b>	14.64

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 12. Long term loans and advances (Unsecured and considered good)

(Currency : ₹ in lacs)

	2013	2012
<b>To parties other than related parties</b>		
Capital advances	17.38	28.28
Security deposits	154.15	132.27
Advance tax (net of provisions)	32.92	85.19
Housing loan given to employees	36.19	40.44
Other deposits	20.18	20.18
<b>To related parties</b>		
Housing loan given to employees		
Mr Rajeev Bhide - Managing director	-	3.07
	260.82	309.43

### 13. Other non current assets

(Currency : ₹ in lacs)

	2013	2012
Bank deposits (due to mature after 12 months from the reporting date) (refer note 17)	17.65	17.65
Interest accrued but not due	2.87	1.34
Other receivables	38.61	42.88
	59.13	61.87
Out of the Bank deposits mentioned above ₹ 0.65 (previous year ₹ 0.65) are given as Bank Guarantee for a period more than one year.		

### 14. Current investments

(Currency : ₹ in lacs)

	2013	2012
<b>Non trade investments</b>		
<b>Investments in mutual funds (Quoted) : valued at lower of cost and market value</b>		
NIL units (previous year 5,542,163.077) of Birla Sun Life Dynamic Bond Fund - Retail - Growth of face value NIL (previous year ₹ 10 per unit)	-	989.64
2,867,159.90 units (previous year 4,212,191.140) of HDFC Short Term Plan - Growth of face value ₹ 10 per unit (previous year ₹ 10 per unit)	622.85	897.85
NIL units (previous year 1,935,227.781) of DWS Short Maturity Fund - Monthly Dividend Plan - reinvest of face value NIL (previous year ₹ 10 per unit)	-	227.40
3,188,813.302 units (previous year 3,188,813.302) of DWS Premier Bond Fund Growth of face value ₹ 10 per unit (previous year ₹ 10 per unit).	600.00	600.00
NIL units (previous year 134,755.838) of SBI Premier Liquid Fund- Super IP - Daily Dividend Reinvestment of face value NIL (previous year ₹ 1000 per unit)	-	1,351.94
NIL units (previous year 1,366,127.012) of IDFC Money Manager Fund - Investment Plan - Growth of face value NIL (previous year ₹ 10 per unit)	-	219.90
NIL units (previous year 2,249,500.165) of IDFC Fixed Maturity Plan -Yearly series 63 Growth of face value NIL (previous year ₹ 10 per unit)	-	224.95
NIL units (previous year 284,973.298) of IDFC Dynamic Bond Fund - Plan A - Growth of face value NIL (previous year ₹ 10 per unit)	-	61.57
NIL units (previous year 47,472.070) of Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan of face value NIL (previous year ₹ 1000 per unit)	-	475.37
NIL units (previous year 2,135,681.551) of Reliance Regular Savings Fund - Debt plan- Growth option Of face value NIL (previous year ₹ 10 per unit)	-	310.00
1,959,105.651 units (previous year 1,846,758.657) of Reliance Regular Saving Fund - Debt-Quarterly Div Reinvestment of face value ₹ 10 per unit (previous year ₹ 10 per unit)	245.38	231.73

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 14. Non trade Investments (continued)

(Currency : ₹ in lacs)

	2013	2012
31,335.102 units (previous year NIL) of 'Tata Liquid Fund-Plan A-DDR of face value ₹ 1000 per unit (previous year NIL)	349.24	-
NIL units (previous year 1,000,000.000) of ICICI Prudential FMP Series 58-2Y Plan A Cumulative of face value NIL (previous year ₹ 10 per unit)	-	100.00
NIL units (previous year 1,100,000.000) of ICICI Prudential FMP series 62-1 Year Plan B Cumulative of face value NIL (previous year ₹ 10 per unit)	-	110.00
67,159,781.737 units (previous year 67,159,781.737) of ICICI Prudential Saving Fund Growth of face value ₹ 10 per unit (previous year ₹ 10 per unit)	780.70	780.70
15,491.751 units (previous year NIL) of 'Reliance Liquid Fund-TP-DDR of face value ₹ 1000 per unit (previous year NIL)	236.83	-
NIL units (previous year 83,453.349) of UTI - Treasury Advantage Fund - Institutional-Daily Dividend of face value NIL (previous year ₹ 1000 per unit)	-	834.71
467,180.374 units (previous year NIL) of 'Birla Sun Life Cash Plus-Weekly Dividend of face value ₹ 100 per unit (previous year NIL)	468.71	-
NIL units (previous year 1,200,000.000) of HSBC Fixed term Series 82 -Growth - Tenure 370 days - of face value NIL (previous year ₹ 10 per unit)	-	120.00
55,908.642 units (previous year NIL) of 'IDFC Cash Fund - Regular Plan-DDR of face value ₹ 1000 per unit (previous year NIL)	559.23	-
47,988.128 units (previous year NIL) of 'UTI-Liquid Cash Plan- Inst - DDR of face value ₹ 1000 per unit (previous year NIL)	489.21	-
NIL units (previous year 38,308.303) of Tata Floater Fund - Growth of face value NIL (previous year ₹ 1000 per unit)	-	617.02
NIL units (previous year 1,150,000.000) of TATA Fixed Maturity Plan Series 38 Scheme E - Growth of face value NIL (previous year ₹ 10 per unit)	-	115.00
143,678.371 units (previous year 4,185,905.121) of DSP Black Rock Short Term Fund - Growth of face value ₹ 10 per unit (previous year ₹ 10 per unit)	26.84	780.92
850,870.331 units (previous year 850,870.331) units of DSP Income Opportunity fund - RP - Growth of face value ₹ 1000 per unit (previous year ₹ 1000 per unit)	154.01	154.02
NIL units (previous year 1,135,270.000) of Kotak FMP Series 79-Growth of face value NIL (previous year ₹ 10 per unit)	-	113.53
NIL units (previous year 1,401,996.000) of Kotak FMP Series 83-Growth of face value NIL (previous year ₹ 10 per unit)	-	140.20
NIL units (previous year 627,372.563) of Kotak Bond (Regular) - Growth of face value NIL (previous year ₹ 10 per unit)	-	198.06
NIL units (previous year 3,418,844.291) of Kotak Floater Long Term - DDR of face value NIL (previous year ₹ 10 per unit)	-	344.61
	4,533.00	9,999.12
<b>Quoted current investments</b>		
Aggregate book value	4,533.00	9,999.12
Aggregate market value	4,734.46	10,380.99
<b>Current and Non current investments</b>		
Quoted		
Aggregate book value	4,533.05	9,999.17
Aggregate market value	4,735.34	10,382.18

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 15. Inventories (valued at lower of cost and net realisable value)

(Currency : ₹ in lacs)

	2013	2012
Raw materials (including Goods in transit ₹ 308.37 (previous year ₹ 503.43))	2,123.62	2,548.65
Intermediates and work-in-progress	386.63	456.90
Packing materials	91.91	95.06
Stores	103.65	102.77
Stock in trade	3.67	4.20
Finished goods	1,668.02	1,263.89
	4,377.50	4,471.47

### 16. Trade receivables

(Currency : ₹ in lacs)

	2013	2012
<i>(unsecured)</i>		
Over six months : from the date they became due for payment		
Considered good	8.05	7.22
Considered doubtful	13.72	69.17
Less : Provision for doubtful receivables	(13.72)	(69.17)
	8.05	7.22
Other debts :		
Considered good	4,663.24	3,841.90
	4,671.29	3,849.12

### 17. Cash and bank balances

(Currency : ₹ in lacs)

	2013	2012
Cash & cash equivalents		
Cash in hand	1.80	0.66
Balances with banks		
Unpaid dividend	64.41	22.22
Balance on current accounts	533.42	596.72
	599.63	619.60
Other bank balances		
Balance on deposit accounts	500.00	861.31
(With original maturity of more than 3 months and due to mature within 12 months of reporting date)		
	1,099.63	1,480.91
<b>Details of Bank balances / deposits</b>		
Bank balances available on demand / deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'.	533.42	596.72
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	500.00	861.31
Bank deposits due to mature after 12 months of the reporting date included under 'Other non current assets'. (refer note 13)	17.65	17.65
Earmarked funds (unpaid dividend) included in 'Balances with banks'	64.41	22.22
	1,115.48	1,497.90

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 18. Short term loans and advances (Unsecured and considered good)

(Currency : ₹ in lacs)

	2013	2012
<b>To parties other than related parties</b>		
Advance for supply of goods and services	54.17	42.16
Prepaid expenses	93.01	58.73
Current maturities of housing loans to employees	4.68	4.55
Other employee advances	2.45	1.40
Cenvat credit receivable	49.08	42.92
Balance with customs authorities	37.67	79.36
Unutilised DEPB licenses	39.77	63.76
Other advances	8.46	-
<b>To related parties</b>		
Current maturities of long term housing loans to employees		
Mr. Rajeev Bhide - Managing Director (Erstwhile)	3.07	1.64
	<b>292.36</b>	<b>294.52</b>

### 19. Other current assets

(Currency : ₹ in lacs)

	2013	2012
Interest accrued but not due	8.60	27.88
Other receivables	40.50	27.34
	<b>49.10</b>	<b>55.22</b>

### 20. Revenue from operations

(Currency : ₹ in lacs)

	2013	2012
<b>Sale of products</b>		
Finished goods	33,889.17	30,446.34
Traded goods	75.11	62.12
Sale of products (gross)	33,964.28	30,508.46
Less : Excise duty	3,652.76	3,186.58
Sale of products (net)	30,311.52	27,321.88
<b>Other operating revenues</b>		
Sale of raw materials	23.49	34.95
Sale of scrap	97.37	89.23
	<b>120.86</b>	<b>124.18</b>
	<b>30,432.38</b>	<b>27,446.06</b>

### 21. Other Income

(Currency : ₹ in lacs)

	2013	2012
Interest Income	85.86	95.96
Dividend Income on current investments	143.23	201.74
Gain (net) on sale of investments	496.05	548.93
Rental income from letting out of property	181.13	122.45
Hire charges	2.47	2.54
Fixed service charges for use of common facilities	-	2.20
Export benefits	69.64	22.13
Gain on DEPB license	28.20	30.07
Royalty and commission	17.43	26.81
Miscellaneous income	66.29	18.35
	<b>1,090.30</b>	<b>1,071.18</b>

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 22. Cost of materials consumed

(Currency : ₹ in lacs)

	2013	2012
Consumption of raw materials:		
Inventory at the beginning of the year	2,548.64	1,947.32
Purchases	19,630.69	18,588.02
Inventory at the end of the year	2,123.62	2,548.64
	20,055.71	17,986.70
Consumption of packing materials		
Inventory at the beginning of the year	95.06	77.46
Purchases	1,265.93	1,269.39
Inventory at the end of the year	91.91	95.06
	1,269.08	1,251.79
	21,324.79	19,238.49
<b>Break up of cost of raw materials consumed</b>		
Consumption value		
Synthetic Resins	3,134.04	2,819.60
Solvents	6,944.34	5,765.90
Organic Chemicals	9,196.21	8,524.23
Others	781.12	876.97
	20,055.71	17,986.70
<b>Break-up of inventory-raw materials</b>		
Synthetic Resins	335.12	464.19
Solvents	442.29	492.04
Organic Chemicals	1,132.69	1,423.08
Others	213.52	169.33
	2,123.62	2,548.64

### 23. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(Currency : ₹ in lacs)

	2013	2012
Opening stock :		
Intermediates and work-in-progress	456.90	489.73
Stock in trade	4.20	1.86
Finished goods *	1,263.89	1,256.09
	1,724.99	1,747.68
Closing stock :		
Intermediates and work-in-progress	386.63	456.90
Stock in trade	3.67	4.20
Finished goods *	1,668.02	1,263.89
	2,058.32	1,724.99
	(333.33)	22.69
* Includes provision for excise duty ₹ 215.52 (previous year : ₹ 143.62)		
<b>Changes in inventory of finished goods, work-in-progress and stock in trade</b>		
<b>Finished goods</b>		
Opening stocks		
Wire enamels and Impregnating varnishes	904.82	834.67
Synthetic resins	359.07	421.42
Total	1,263.89	1,256.09
Closing stocks		
Wire enamels and Impregnating varnishes	1,264.31	904.82
Synthetic resins	403.71	359.07
Total	1,668.02	1,263.89

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 23. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (Contd.) (Currency : ₹ in lacs)

	2013	2012
<b>Intermediates and Work-in-progress</b>		
Opening stocks		
Wire enamels and Impregnating varnishes	298.82	346.71
Synthetic resins	158.08	143.02
Total	456.90	489.73
Closing stocks		
Wire enamels and Impregnating varnishes	242.12	298.82
Synthetic resins	144.51	158.08
Total	386.63	456.90
<b>Stock in trade</b>		
Opening stocks		
Wire enamels and Impregnating varnishes	-	-
Synthetic resins	4.20	1.86
Total	4.20	1.86
Closing stocks		
Wire enamels and Impregnating varnishes	-	-
Synthetic resins	3.67	4.20
Total	3.67	4.20

### 24. Employee benefit expenses

(Currency : ₹ in lacs)

	2013	2012
Salaries, wages and bonus	1,399.54	1,306.10
Contribution to provident and other funds	154.68	142.20
Staff welfare expenses	104.47	99.37
Compensated absences	4.41	53.65
Other employee benefits	33.24	45.33
	1,696.34	1,646.65

### 25. Other expenses

(Currency : ₹ in lacs)

	2013	2012
Consumption of stores and spare parts	159.87	101.53
Power and fuel	629.91	586.27
Delivery charges	753.05	656.16
Rent	35.45	31.19
Rates and taxes	245.01	180.17
Insurance	48.78	41.04
Repairs to Building	13.89	10.42
Repairs to Machinery	175.79	180.93
Repairs others	23.79	34.46
Repacking charges	108.39	107.00
Royalty	124.04	126.01
Travelling	107.61	108.11
Sitting fees	3.20	2.20
Bad debts and advances written off	0.43	7.45
Provision for doubtful debts	-	0.61



## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 25. Other expenses (Contd.)

(Currency : ₹ in lacs)

	2013	2012
Commission on sales	2.63	0.27
Legal and professional charges *	149.70	134.87
Net loss on account of foreign exchange fluctuations	182.72	70.82
Loss on sale of fixed assets (net)	15.69	10.49
Miscellaneous expenses	991.88	988.67
	3,771.83	3,378.67
* include Payment to auditors		
As auditors		
Statutory audit	9.00	9.00
Tax audit	3.25	3.25
Limited review of quarterly results	6.00	8.00
Corporate governance certification	1.00	1.00
Other certification	2.00	-
In other capacity		
Other audit services	3.00	3.00
Transfer pricing	3.25	2.50
Reimbursement of expenses		
As auditors	1.60	0.95
Towards services	0.21	0.08
	29.31	27.78

### 26. Current tax (net)

(Currency : ₹ in lacs)

	2013	2012
Tax provision for the current year	1,280.00	978.00
Additional / (reversal of) provision on assessment of earlier years (net)	(34.45)	(54.40)
	1,245.55	923.60

### 27. Contingent liabilities not provided for

(Currency : ₹ in lacs)

	2013	2012
a) Claims against the Company not acknowledged as debts	185.74	185.74
b) Excise duty matters	226.96	127.15
c) Income tax matters	23.93	23.93
d) Sales tax matters	334.23	304.40
e) Guarantee in favour of Gujarat Industrial Development Corporation	12.24	12.24

(Currency : ₹ in lacs)

	2013	2012
<b>28. Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)</b>	33.22	127.77

### 29. Value of imports on CIF basis :

(Currency : ₹ in lacs)

	2013	2012
a) Raw material	5,657.05	5,092.08
b) Capital goods	7.64	98.87
c) Purchase for resale	6.22	-
	5,670.91	5,190.95

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 30. Details of imported and indigenous raw materials, components and spare parts consumed during the financial year

(Currency : ₹ in lacs)

	2013	2012
Sourcewise breakup of raw materials, stores and spare parts consumed		
a) Raw Materials (value)		
Imported at landed cost (including High Seas Purchases)	8,713.99	6,698.12
Indigenously procured	11,341.72	11,288.58
	20,055.71	17,986.70
Raw Materials (%)		
Imported at landed cost	43%	37%
Indigenously procured	57%	63%
	100%	100%
b) Stores and spare parts (value)		
Indigenously procured	159.87	101.53
	159.87	101.53
Stores and spare parts (%)		
Indigenously procured	100%	100%
	100%	100%

### 31. Expenditure in foreign currencies (disclosed on accrual basis)

(Currency : ₹ in lacs)

	2013	2012
a) Royalty (gross)	124.04	115.70
b) Commission on exports	1.41	0.27
c) Global IT expenses	120.92	103.84
d) Global R&D expenses	87.02	184.64
e) Others	92.12	48.03
	425.51	452.48

### 32. Dividend remittances in foreign currency

(Currency : ₹ in lacs)

	2013	2012
a) Number of non-resident shareholders to whom remittance was made	1	1
b) Number of shares on which remittance was made	7,020,316	7,020,316
c) Net amount remitted		
Dividend for 2011	-	315.90
Dividend for 2012	6,458.68	-

### 33. Earnings in foreign currencies (disclosed on accrual basis)

(Currency : ₹ in lacs)

	2013	2012
On account of exports at FOB value	1,027.00	745.11
Royalty	17.43	17.64
Commission	-	9.17
	1,044.43	771.92

### 34. Research and development expenses

(Currency : ₹ in lacs)

	2013	2012
a) Expenses of revenue nature (debited to Statement of Profit and Loss)	361.21	455.64
b) Expenses of capital nature (shown as addition to fixed assets)	24.51	43.02
	385.72	498.66

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 35. Employee benefits

(Currency : ₹ in lacs)

	Gratuity		Cash rewards	
	2013	2012	2013	2012
<b>a) Defined benefit plan (Gratuity)</b>				
The Company operates a gratuity plan wherein every employee is entitled to the benefit based on last drawn salary for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The same is funded with the Life Insurance Corporation of India.				
<b>b) Defined benefit plan (Cash rewards at retirement)</b>				
As per the plan, at the time of normal retirement, ₹ .025 (previous year .01) is payable to employees for each year of service rendered. The scheme is unfunded.				
<b>c) Defined contribution plans</b>				
Amount of ₹ 154.68 (previous year : 142.20) is recognised as an expense and included in the 'Contributions to provident and other funds' under note no 24.				
<b>I) Reconciliation of opening and closing balance of obligations</b>				
Liability at the beginning of the year	576.80	549.18	13.10	13.04
Current service cost	18.06	17.69	1.14	0.48
Past service cost	-	-	18.59	-
Interest cost	44.13	44.06	2.31	1.01
Benefits paid	(45.53)	(71.23)	(5.10)	(2.07)
Actuarial (gain) / loss on obligations	(19.00)	37.10	(0.82)	0.64
<b>Liability at the end of the year</b>	<b>574.46</b>	<b>576.80</b>	<b>29.22</b>	<b>13.10</b>
<b>II) Reconciliation of opening and closing balance of fair value of plan assets</b>				
Fair value of plan assets at the beginning of the year	564.85	568.46	-	-
Expected return on plan assets	44.38	43.73	-	-
Contributions by the employer (refer note no 5)	18.00	10.01	-	-
Benefits paid	(45.53)	(71.23)	-	-
Actuarial gain / (loss) on plan assets	1.22	13.88	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>582.92</b>	<b>564.85</b>	<b>-</b>	<b>-</b>
<b>III) Net actuarial (gain) / loss</b>				
Actuarial (gain) / loss on Obligations	(19.00)	37.10	(0.82)	0.64
Actuarial gain / (loss) on Plan Assets	1.22	13.88	-	-
<b>Net actuarial (gain) / loss</b>	<b>(20.22)</b>	<b>23.22</b>	<b>(0.82)</b>	<b>0.64</b>
<b>IV) Amount recognised in the Balance sheet</b>				
Defined benefit obligation as at end of the year	574.46	576.80	29.22	13.10
Fair Value of plan assets at the end of the year	582.92	564.85	-	-
<b>Net Liability / (Asset)</b>	<b>(8.46)</b>	<b>11.95</b>	<b>29.22</b>	<b>13.10</b>
<b>V) Expense recognised in Statement of Profit and loss</b>				
Current service cost	18.06	17.69	1.14	0.48
Past service cost	-	-	18.59	-
Interest cost	44.13	44.06	2.31	1.01
Expected return on plan assets	(44.38)	(43.73)	-	-
Net Actuarial (gain) / loss	(20.22)	23.22	(0.82)	0.64
<b>Total expenses included in "Employee benefit expense" under Note 24</b>	<b>(2.41)</b>	<b>41.24</b>	<b>21.22</b>	<b>2.13</b>

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 35. Employee benefits

(Currency : ₹ in lacs)

		Gratuity		Cash rewards	
		2013	2012	2013	2012
VI) Actual return on plan assets					
Expected return on plan assets		44.38	43.73	-	-
Actuarial gain / (loss) on plan assets		1.22	13.88	-	
Actual return on plan assets		45.60	57.61	-	-
VII) Principal actuarial assumptions					
Discount rate		9.00%	8.50%	9.00%	8.50%
Expected return on plan assets		8.25%	8.25%	NA	NA
Salary escalation rate		12.00% *	12.00%	NA	NA
* Refer note no 6					
VIII) Other disclosures - Gratuity		2013	2012	2011	2010
Liability at the end of the year		574.46	576.80	549.18	518.91
Fair value of plan assets at the end of the year.		582.92	564.85	568.46	504.44
Amount recognised in Balance Sheet		(8.46)	11.95	(19.28)	14.46
Experience adjustments on liability		9.00	28.35	4.94	33.89
Experience adjustments on plan assets		(1.22)	(13.88)	(9.54)	(9.95)
IX) Other disclosures - Cash rewards at retirement		2013	2012	2011	2010
Liability at the end of the year		29.22	13.10	13.04	13.55
Experience adjustments on liability		0.09	0.50	0.21	(0.72)
d) Notes :					
1) The plan assets comprises entirely of “Insurer Managed Funds” .					
2) The expected return on plan assets is based on market expectations, at the beginning of the year, for returns over the entire life of related obligations.					
3) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on a long term basis.					
4) Changes enacted before the Balance Sheet date are considered while determining the obligation.					
5) Expected Employer’s contribution in next year ₹ 18.00 (Previous year ₹ 30.00) .					
6) Salary escalation rate is 12 % for first 2 years and 10.50% thereafter.					

### 36. Segment reporting

The Company has disclosed business segments as the primary segment. Segments have been identified by the Management taking into account the nature of products, manufacturing process, customer profiles, risk and reward parameters and other relevant factors.

The Company's operations have been classified into two primary segments, "Electrical Insulations" and "Engineering and Electronic Resins and Materials". Segment assets include all operating assets used by the business segment and consist primarily of fixed assets, debtors and inventories. Segment liabilities primarily include creditors and other liabilities. Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocable assets and liabilities.

Secondary segments have been identified with reference to geographical location of the customers. The Company has identified India and outside India as the two geographical segments for secondary segmental reporting. Geographical sales are segregated based on the location of the customer who is invoiced. Assets other than receivables used in the Company's business or liabilities contracted have not been identified to any of the reportable geographical segments, as these are used interchangeably between geographical segments. All assets other than receivables are located in India. Similarly, capital expenditure is incurred towards fixed assets in India.

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 36.1 Primary Business Segments

(Currency : ₹ in lacs)

	2013	2012
<b>1. Segmentwise revenue</b>		
a) Electrical Insulations	25,709.55	22,977.68
b) Engineering and Electronic Resins and Materials	4,904.39	4,567.96
<b>Total</b>	<b>30,613.94</b>	<b>27,545.64</b>
<b>2. Other unallocable income</b>	<b>908.74</b>	<b>971.60</b>
<b>Net sales / Income from operations (1 + 2)</b>	<b>31,522.68</b>	<b>28,517.24</b>
<b>3. Segment results Profit (+) / Loss (-) before tax and interest</b>		
a) Electrical Insulations	3,206.97	2,527.91
b) Engineering and Electronic Resins and Materials	558.67	369.97
<b>Total</b>	<b>3,765.64</b>	<b>2,897.88</b>
<b>4. Interest</b>	<b>17.79</b>	<b>10.15</b>
<b>5. Other unallocable expenditure</b>	<b>196.17</b>	<b>157.03</b>
<b>6. Profit before tax</b>	<b>4,460.42</b>	<b>3,702.30</b>
Provision for tax (net)	1,245.55	923.60
Provision for deferred tax ( release)/ charge	39.76	21.07
<b>7. Profit after tax</b>	<b>3,175.11</b>	<b>2,757.63</b>
<b>Other information</b>		
<b>8. Segment assets</b>		
a) Electrical Insulations	11,498.49	10,823.64
b) Engineering and Electronic Resins and Materials	2,295.44	2,390.49
c) Other unallocable	6,361.06	12,271.08
<b>Total</b>	<b>20,154.99</b>	<b>25,485.21</b>
<b>9. Segment liabilities</b>		
a) Electrical Insulations	3,171.50	3,130.47
b) Engineering and Electronic Resins and Materials	561.65	603.26
c) Other unallocable	5,591.51	8,938.67
<b>Total</b>	<b>9,324.66</b>	<b>12,672.40</b>
<b>10. Capital expenditure</b>		
a) Electrical Insulations	326.14	558.49
b) Engineering and Electronic Resins and Materials	74.73	80.48
c) Other unallocable	16.32	107.21
<b>Total</b>	<b>417.19</b>	<b>746.18</b>
<b>11. Depreciation / Amortisation</b>		
a) Electrical Insulations	316.65	267.98
b) Engineering and Electronic Resins and Materials	196.69	191.98
c) Other unallocable	24.70	14.50
<b>Total</b>	<b>538.04</b>	<b>474.46</b>

### 36.2 Secondary Business Segments

(Currency : ₹ in lacs)

	2013	2012
<b>1. Revenue</b>		
India	29,507.80	26,756.19
Outside India	1,106.14	789.44
<b>Total</b>	<b>30,613.94</b>	<b>27,545.63</b>
<b>2. Segment assets</b>		
India	4,548.74	3,751.68
Outside India	122.55	97.44
<b>Total</b>	<b>4,671.29</b>	<b>3,849.12</b>

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 37. Related party disclosures

#### 37.1 A. List of related parties and relationship

SKion GmbH	Holding company of Altana AG
ALTANA AG	Holding company of Altana Chemie GmbH
ALTANA Chemie GmbH	Holding company of ELANTAS GmbH
ELANTAS GmbH	Holding company (78.39%)
BYK-Chemie GmbH	Fellow Subsidiary
ELANTAS PDG Inc.	Fellow Subsidiary
ELANTAS Italia (Previously known as ELANTAS Deatech Srl)	Fellow Subsidiary
ELANTAS Tongling Co Ltd	Fellow Subsidiary
ELANTAS Camattini S.P.A.	Fellow Subsidiary
ELANTAS Zhuhai Co., Ltd.	Fellow Subsidiary
ELANTAS Isolantes Electricos Do Brasil LTDA	Fellow Subsidiary
BYK Chemie Asia Pacific PTE Ltd	Fellow Subsidiary
ELANTAS Beck GmbH	Fellow Subsidiary
ECKART GmbH	Fellow Subsidiary

#### B. Transactions with related parties

(Currency : ₹ in lacs)

	2013	2012
<b>1. Summary of transactions</b>		
a) Sales, commission and recoveries from related parties	449.17	488.28
b) Purchases / other services from related parties	604.11	343.28
c) License fee (Income)	53.85	45.68
d) Royalty paid to related parties (gross)	124.04	115.70
e) Royalty income	17.43	17.64
f) Dividend	3,417.98	6,458.37
<b>2. Related party- wise transactions</b>		
<b>a) ALTANA AG</b>		
Purchases / other services	1.59	3.10
<b>b) ELANTAS GmbH</b>		
Sales, commission and recoveries	25.08	11.41
Purchases / other services	155.21	163.00
Dividend	3,417.98	6,458.37
Royalty paid (gross)	39.88	34.80
<b>c) ELANTAS Italia (Previously known as ELANTAS Deatech Srl)</b>		
Sales, commission and recoveries	1.32	12.24
Purchases / other services	248.57	64.09
Royalty paid (gross)	72.66	54.29
<b>d) ELANTAS PDG Inc.</b>		
Sales, commission and recoveries	0.99	-
Purchases / other services	63.78	4.95
Royalty paid (gross)	11.50	12.07
<b>e) BYK-Chemie GmbH</b>		
Sales, commission and recoveries	5.02	-
Purchases / other services	120.92	103.84
<b>f) BYK Chemie Asia Pacific PTE Ltd</b>		
sales, commission and recoveries	5.04	3.88
License fee (Income)	53.85	45.68
<b>g) ELANTAS Tongling Co Ltd</b>		
Sales, commission and recoveries	303.61	336.55

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 37. Related party disclosures (continued)

(Currency : ₹ in lacs)

	2013	2012
<b>h) ELANTAS Zhuhai Co., Ltd.</b>		
Sales, commission and recoveries	37.91	72.14
Royalty income	17.43	17.64
Purchases / other services	13.51	3.50
<b>i) ELANTAS Isolantes Electricos Do Brasil LTDA</b>		
Sales, commission and recoveries	43.72	32.31
<b>j) ECKART GmbH</b>		
Sales, commission and recoveries	26.48	19.75
<b>k) ELANTAS Camattini S.P.A. *</b>		
Purchases / other services	-	0.80
Royalty paid (gross)	-	14.54
*ELANTAS Camattini S.P.A. has been merged into ELANTAS Italia. Hence current year's transactions for ELANTAS Camattini S.P.A. are grouped with ELANTAS Italia.		
<b>l) ELANTAS Beck GmbH</b>		
Purchases / other services	0.53	-
<b>3. Outstanding balances</b>		
i) Sundry debtors		
ELANTAS GmbH	37.84	28.46
ELANTAS Italia	0.58	3.07
BYK-Chemie GmbH	1.13	-
ECKART GmbH	6.79	4.97
ELANTAS Isolantes Electricos Do Brasil LTDA	25.26	-
ELANTAS PDG Inc.	0.58	-
ELANTAS Zhuhai Co., Ltd.	6.81	7.43
ELANTAS Tongling Co Ltd	29.85	53.03
<b>Total</b>	<b>108.84</b>	<b>96.96</b>
ii) Current liabilities		
ALTANA AG	-	2.61
ELANTAS GmbH	163.96	186.26
ELANTAS Camattini S.P.A.	-	0.57
BYK-Chemie GmbH	-	43.67
ELANTAS Italia	43.10	45.01
BYK Chemie Asia Pacific PTE Ltd	35.67	35.67
<b>Total</b>	<b>242.73</b>	<b>313.79</b>

### 37.2 A. Key management personnel and relatives of key management personnel

#### Key management personnel :

Mr. Rajeev Bhide (upto 31 December 2013)  
 Mr. Prashant Deshpande (upto 9 July 2012)  
 Mr. Sharadkumar Shetye

#### Relatives of key management personnel :

Mrs. M. R. Shetye

## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 37. Related party disclosures (continued)

#### B. Transactions with key management personnel and relatives of key management personnel

(Currency : ₹ in lacs)

	2013	2012
a) Managerial remuneration		
Mr. Rajeev Bhide	97.04	83.17
Mr. Prashant Deshpande	-	45.29
Mr. Sharadkumar Shetye	63.20	58.45
Total	160.24	186.91
b) Rent		
Mrs. M. R. Shetye	1.68	1.68
c) Increase/(decrease) in loan balance		
Mr. Rajeev Bhide	(1.64)	(1.59)
Mr. Prashant Deshpande	-	(12.40)
Total	(1.64)	(13.99)
d) Interest received on loans given		
Mr. Rajeev Bhide	0.14	0.19
Mr. Prashant Deshpande	-	0.20
Total	0.14	0.39
e) Outstanding balances		
<u>Loans and advances</u>		
Mr. Rajeev Bhide	3.07	4.71
Total	3.07	4.71
<u>Current liabilities</u>		
Mr. Rajeev Bhide	28.70	28.80
Mr. Sharadkumar Shetye	17.33	18.00
Total	46.03	46.80
f) Maximum amount outstanding during the year		
<u>Loans and advances</u>		
Mr. Rajeev Bhide	4.71	6.29
Mr. Prashant Deshpande	-	12.40

### 38. Earnings per share - Basic and Diluted

(Currency : ₹ in lacs)

	2013	2012
a) Net profit for the year after tax	3,175.11	2,757.63
Calculation of weighted average number of equity shares		
Number of shares at the beginning and end of the year	7,927,682	7,927,682
b) Weighted average number of equity shares	7,927,682	7,927,682
c) Earnings per share (a) / (b)	40.05	34.78
Nominal value per share ₹ 10 each ( Previous year - ₹ 10 each)		

### 39. Foreign currency exposures

(Currency : ₹ in lacs)

	2013	2012
a) Foreign currency receivables representing debtors	122.55	97.96
Foreign currency ('in lacs) :		
Euro	0.59	0.53
US\$	1.22	1.12



## Notes to the financial statements for the year ended 31 December 2013 (Continued)

### 39. Foreign currency exposures (continued)

(Currency : ₹ in lacs)

	2013	2012
b) Foreign currency payables representing creditors and other payables	693.27	1,085.54
Foreign currency ('in lacs) :		
Euro	2.04	4.01
US\$	8.50	14.52
c) Foreign currency bank balance (Nil (previous year :US\$ 0.22))	-	11.78
d) Foreign currency receivables representing advances	7.24	3.81
Foreign currency ('in lacs) :		
Euro	-	0.02
US\$	0.12	0.04

40. Management believes that the Company's international transactions with related parties post 31 March 2013 (last period upto which an Accountants' report has been submitted as required under the Income tax Act, 1961) continue to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on the amount of tax expense and that of provision for taxation.

### 41. Operating Lease as lessor

The Company has leased out its surplus office space. The lease term is 5 years. There is an escalation and renewal clause in the lease agreement and sub-letting is not permitted. The carrying amount of the building given on operating lease and depreciation thereon for the period is:

(Currency : ₹ in lacs)

	2013	2012
Gross carrying amount	170.31	170.31
Accumulated depreciation	48.58	45.82
Net carrying amount	121.73	124.49
Depreciation for the period	2.76	2.76
The future minimum lease payments under non cancellable operating lease are as follows		
Receivable within one year	132.59	125.28
Receivable between one and five years	346.81	479.40
Total	479.40	604.68
During the year, an amount of ₹ 130.60 was recognised as rental income from above mentioned property in the Statement of Profit and Loss (Previous year: ₹ 71.76)		

### For B S R & Co. LLP

Chartered Accountants  
Firm Registration No : 101248W

For and on behalf of the Board of Directors  
of ELANTAS Beck India Limited

**Juzer Miyajiwal**  
Partner  
Membership No.: 047483  
Pune, 26 February 2014

**Shirish Dabir**  
Company Secretary

**Suresh Talwar**  
Director

**Dr Matthias Wolfgruber**  
Chairman

**Ravindra Kulkarni**  
Director

**Dr Guido Forstbach**  
Director

**Ranjal Laxmana Shenoy**  
Director

**Ravindra Kumar**  
Managing Director

[illegible]

## INDEX

- Notice
- Attendance Slip / Proxy Form
- ECS Mandate

for shareholders holding shares in physical (materialized) form.

*(to be submitted to Sharepro Services (India) Pvt. Ltd. on or before 30 April 2014)*

## NOTICE

Notice is hereby given that the Fifty-eighth Annual General Meeting of the members of ELANTAS Beck India Ltd. will be held on Tuesday, 6 May 2014 at 3.30 p.m. at Hall No.4, 'A' Wing, 5<sup>th</sup> Floor, MCCIA Trade Tower, ICC Complex, Senapati Bapat Road, Pune 411016, to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31 December 2013 and the statement of Profit & Loss for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the year 2013.
3. To appoint a Director in place of Mr. Ravindra Kulkarni who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Matthias Wolfgruber who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### **SPECIAL BUSINESS:**

- 6. To consider and if thought fit, to pass with or without modifications, as an Ordinary Resolution, the following:**

"RESOLVED THAT Mr. Ranjal Laxmana Shenoy be and is hereby appointed as a Director of the Company".

- 7. To consider and if thought fit, to pass with or without modifications, as an Ordinary Resolution, the following:**

"RESOLVED THAT Mr. Ravindra Kumar be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act') read with Schedule XIII of the said Act, and also of the applicable provisions, if any, of the Companies Act, 2013, and subject to the approval of the Central Government if required, the approval of the Company be and is hereby accorded to the appointment and terms of remuneration of Mr. Ravindra Kumar as Managing Director of the Company for a period of three years with effect from 1 January 2014, on the terms and conditions set out in the Explanatory Statement attached hereto with liberty to the Board of Directors to alter and vary the terms and conditions of appointment and/or remuneration subject to the same being within the limits as approved by the shareholders in such manner as may be agreed to between the Directors and Mr. Ravindra Kumar.

Provided that in the event where in any financial year during the currency of tenure of Mr. Ravindra Kumar, the Company has no profits or its profits are inadequate, it may pay as remuneration to Mr. Ravindra Kumar an amount not exceeding the least of ceiling limits calculated as under:

- a) the remuneration approved by the Board for the time being, within the overall limits of the maximum remuneration as approved by the shareholders in the general meeting
- or
- b) the ceiling limits as prescribed in paragraph I of Section II of part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof as may be then in force.

While calculating the remuneration with the reference to Section II of part II of schedule XIII to the Companies Act, 1956, payments qualifying exclusion/valuation by a prescribed method / rate should be, accordingly excluded or valued as the case may be.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded to set an overall maximum ceiling pertaining to payment of Salary & Special Allowance, Performance Salary and Perquisites to Mr. Ravindra Kumar, Managing Director, as follows:

Particulars	Maximum amount per annum
Salary & Special Allowance	Rs.50 lakh
Performance Salary	Rs.40 lakh
Perquisites	Rs.20 lakh

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary and desirable to give effect to the foregoing Resolution."

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself on a poll only and a proxy need not be a member.

In order to be effective, proxies duly signed and stamped, must be deposited at the registered office of the Company not less than 48 hours before the meeting.

2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business at item Nos. 6 & 7 of the Notice is annexed.

3. The relevant details in respect of item Nos. 3, 4, 6 & 7 of the Notice, pursuant to Clause 49 G (i) of the Listing Agreement are as follows:

Profile of Directors seeking appointment, re-appointment in the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement).

**A. Directors retiring by rotation:**

- (i) Mr. Ravindra Kulkarni, age 68 years, is a post graduate in law. He is a partner in Khaitan & Co., a firm of solicitors. He is a member of the Board since 27 September 1990 and is a Non-executive Independent Director. The other Directorships / Committee Memberships of limited companies of Mr. Ravindra Kulkarni are as follows:

Name of the Company	Board Position held	Committee Membership
Mahindra & Mahindra Ltd.	Director	Audit Committee Shareholders'/Investors Grievance Committee
Shamrao Vithal Co-op. Bank Ltd.	Director	
Styrolution ABS (India) Ltd.	Director	Audit Committee
Entertainment Network of India Ltd.	Director	Audit Committee
Tech Mahindra Ltd.	Director	Shareholders'/Investors Grievance Committee
Chowgule Steamships Ltd.	Director	
Khaitan Consultants Ltd.	Director	

- (ii) Dr. Matthias Wolfgruber, age 60 years, is a Chemistry graduate with Doctorate and Research fellowship. He joined the Board of Directors of the Company on 5 July 2004 as Non-executive Chairman. He does not hold Directorships / Committee Memberships of any other companies in India.

**B. Directors seeking appointment / re-appointment**

- (i) Mr. Ranjal Laxmana Shenoy, age 66 years, is a Master of laws, ACA, ACS, ACMA, and diploma from Indian Institute of Bankers (C.A. IIB). He has a penchant for corporate laws, taxation and financial management. He has rich experience in several areas including finance, taxation, legal and secretarial compliances.

The other Directorships / Committee Memberships of limited companies of Mr. Ranjal Laxmana Shenoy are as follows:

Name of the Company	Board Position held	Committee Membership
Transwarranty Finance Ltd.	Director	Audit Committee

- (ii) Mr. Ravindra Kumar, age 41 years, is a Bachelor of Chemical Technology (Oil Tech) from HBTI, Kanpur. He has also obtained post-graduate degree in 'Competitive Marketing Strategy' from the Indian Institute of Management (IIM), Bangalore. He has more than 17 years of experience and has worked on various projects in the areas of sales & marketing, new business development, new product development. He has rich experience in inventory management, key account management, fixed cost management, resource planning, HR operations, supply chain, finance & investment related activities. He does not hold Directorships/Committee Memberships of any other companies in India.

4. The Register of Members and Share Transfer books of the Company will remain closed from Tuesday, 29 April 2014 to Tuesday, 6 May 2014 (both days inclusive), for the purpose of Annual General Meeting.

5. Pursuant to Section 205A and 205C of the Companies Act, 1956, the Company will be transferring in April 2014, the unclaimed Interim dividend for the financial year ended 31 December 2006 to the Investor's Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrants so far, for the financial year ended 31 December 2006 or any subsequent financial years are requested to make their claims addressed to: The Company Secretary, ELANTAS Beck India Ltd., 147, Mumbai-Pune Road, Pimpri, Pune 411018.

It may also be noted that once the unclaimed dividend is transferred to the credit of the said Fund, as above, no claim shall lie in respect thereof with the Company.

6. Request to the Members:

- a. Request for additional information, if required: Members desiring any relevant information on the accounts at the Annual General Meeting are requested to ensure that their requests reach the Company at least seven days before the date of the meeting, so as to enable the Company to keep the information ready. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
- b. Green Initiative: The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Keeping in view the underlying theme and the circular issued by MCA, the Company has been sending all documents like General Meeting Notices (including Annual General Meeting), Audited Financial Statements, Directors' Report, Auditors' Report, etc. to its Members in electronic form, to the e-mail address provided by them and made available to the Company by the Depositories.

If Members would like to support this Green Initiative and receive the above mentioned documents in electronic form, they are requested to send an email from their email ID to [Sharepro@shareproservices.com](mailto:Sharepro@shareproservices.com) with the subject titled "Green Initiative – EBIL", requesting for receiving these documents in electronic form and mentioning therein their Folio No./ DP ID & Client ID as the case may be. Members are further requested to mark a copy of their e-mail to [Dushyant.Vaidya@altana.com](mailto:Dushyant.Vaidya@altana.com). The Company shall then send such documents in electronic form (in lieu of the physical form) to the submitted e-mail id. The Members may also subsequently update their email ID by a similar e-mail to the Company/ Sharepro Services (India) Pvt. Ltd., giving the requisite details.

- c. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, change of address, change of name, e-mail address, contact numbers etc. to their respective Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and its Registrar & Transfer Agents, Sharepro Services (India) Pvt. Ltd. to provide efficient and better services.

Members holding shares in physical form are requested to intimate such changes to Sharepro Services (India) Pvt. Ltd. at the following address:

Sharepro Services (India) Pvt. Ltd.  
Sam Hita Warehousing Complex,  
Warehouse No 52 & 53, Plot No 13AB, 2nd Floor,  
Sakinaka, Andheri (East),  
Mumbai 400072.  
Tel: (022) 67720300 / 347  
Fax: (022) 28591568

- d. Members holding shares in physical form are requested to get the same dematerialized to eliminate all risks associated with physical shares. Members can contact the Company or Sharepro Services (India) Pvt. Ltd. for any assistance in this regard.
- e. Members desirous of availing the facility of nomination in respect of shares held by them may send their nomination in the prescribed Form No. 2B, duly filled in, to the Company's Registrars and Share Transfer Agents, quoting their respective folio number/s, and giving details of share certificate number/s and distinctive number of shares.

By order of the Board of Directors

Pune  
Date: 28 March 2014

Shirish Dabir  
Company Secretary

## Annexure to the Notice

### Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

#### **Item No. 6**

Mr. Ranjal Laxmana Shenoy was appointed as an Additional Director pursuant to Section 161 of the Companies Act, 2013 and Article 117 of the Articles of Association of the Company by the Board of Directors at its meeting held on 28 October 2013. In terms of the provisions of Section 161 of the Companies Act, 2013, Mr. Shenoy will hold office up to the date of the ensuing Annual General Meeting but is eligible for appointment as a Director. The Company has received a notice in writing from a member along with a deposit of ₹ 500/- for proposing the candidature of Mr. Shenoy for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Ranjal Laxmana Shenoy, age 66 years, is a Master of laws, ACA, ACS, ACMA, and diploma from Indian Institute of Bankers (C.A. IIB). He has a penchant for corporate laws, taxation and financial management. He has rich experience in several areas including finance, taxation, legal and secretarial compliances.

The other Directorships / Committee Memberships of limited companies of Mr. Ranjal Laxmana Shenoy are as follows:

Name of the Company	Board Position held	Committee Membership
Transwarranty Finance Ltd.	Director	Audit Committee

Mr. Ranjal Laxmana Shenoy is concerned and interested in this resolution as it relates to his appointment. None of the other Directors and other key managerial personnel or their respective relatives is concerned or interested financially or otherwise in this Resolution.

The Board therefore recommends passing of the resolution for your approval.

#### **Item No. 7**

Due to the resignation of Mr. Rajeev Bhide as the Managing Director of the Company w.e.f. 31 December 2013, the Board of Directors at its meeting held on 23 December 2013, had appointed Mr. Ravindra Kumar as the Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013 and Article 117 of the Articles of Association, with effect from 01 January 2014 to hold office upto the date of the next Annual General Meeting. In terms of the provisions of Section 161 of the Companies Act, 2013, Mr. Kumar will hold office up to the date of the ensuing Annual General Meeting but is eligible for appointment as a Director. The Company has received a notice in writing from a member along with a deposit of ₹ 500/- for proposing the candidature of Mr. Kumar for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

The Board had, in the same meeting also appointed him as the Managing Director in place of Mr. Rajeev Bhide for a period of three years with effect from 1 January 2014 subject to the approval of the shareholders, and if required of the Central Government.

Mr. Ravindra Kumar is a Bachelor of Chemical Technology (Oil Tech) from HBTI, Kanpur. He has more than 17 years of experience and has worked on various projects in the areas of sales & marketing, new business development, new product development etc.

The terms and conditions of his appointment are as under:

- Salary and Special Allowance, as may be decided by the Board of Directors from time to time, but not exceeding ₹ 50 lakh per annum.
- Performance salary, as may be decided by the Board of Directors from time to time, but not exceeding ₹ 40 lakh per annum.
- Perquisites as may be decided by the Board of Directors from time to time, but not exceeding ₹ 20 lakh per annum.
- Provision of car with driver for official duties and telephone at residence (including payment for local and long distance calls) shall not be included in the computation of perquisites for the purpose of computing the aforesaid ceiling.
- Company's contribution to the Provident and Superannuation Funds and other benefits under the Pension scheme will not be included in the computation of the ceiling on perquisites to the extent these are either singly or collectively as the case may be, not taxable in the hands of the said Director, under the Income Tax Act, 1961.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of Leave at the end of the tenure, both as per the Rules of the Company, shall not be included in the computation of limits of remuneration or perquisites.
- For the purpose of computation of the ceiling on perquisites, the perquisites would be valued as per the Income Tax Rules, 1962 wherever applicable. In the absence of / non – applicability of any Rules, perquisites shall be valued based on actual cost to the Company.

h. Where in any financial year during the tenure of the Managing Director, the Company has no profits or its profit are inadequate within the meaning of and as per sections 198, 309 of the Companies Act, 1956 and schedule XIII thereof, and/ or any amendments thereto in force from time to time, the Company would pay remuneration to the said Director by way of salary, special allowance, performance salary, perquisites and any other allowances, such an amount not exceeding the least of ceiling limits calculated as under:

(i) the remuneration approved by the Board for the time being, within the overall limits of the maximum remuneration as approved by the shareholders in the general meeting

or

(ii) the ceiling limits as prescribed in paragraph I of Section II part II of Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof as may be then in force.

While calculating the remuneration with the reference to Section II of part II of schedule XIII to the Companies Act, 1956, payments qualifying exclusion /valuation by a prescribed method / rate should be, accordingly excluded or valued as the case may be.

i. The Board of Directors may in its discretion pay to the Managing Director, remuneration and revise the remuneration payable from time to time at its absolute discretion, within the maximum limits stipulated above.

j. The Managing Director shall discharge all the duties of Managing Director of the Company as may be specified / required under the applicable laws in force from time to time, and shall further exercise such powers and discharge such duties as the Board of Directors of the Company may, from time to time determine. The exercise of powers and discharge of duties shall be subject to the superintendence, control and direction of the Board of Directors and shall further subject to any restrictions imposed from time to time by the Board of Directors and/or the Articles of Association of the Company.

For the purpose of discharging his duties, the Managing Director shall have the general control of the business of the Company and is empowered to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all such acts and things for and on behalf of the Company, which in the ordinary course of business he may consider necessary and proper or in the interests of the Company. The Managing Director shall devote sufficient time and attention to the affairs and business of the Company and shall use his best endeavours to promote the interests and welfare.

The Managing Director shall exercise all such powers as may be granted and entrusted to him by the Board of Directors or required by him for the proper and effective discharge of his duties. He shall have control and full executive responsibility in respect of the general conduct and management of the business and affairs of the Company.

k. The Managing Director must maintain secrecy as to all transactions and company related affairs (e.g. industrial property rights, recipes, manufacturing experience, rules of procedure, methods of calculation, prices, personal information), provided the Company considers such secrecy to be in its interest. Secrecy must also be maintained vis-a-vis unauthorized employees and after the Managing Director's departure from the service of the Company.

l. The contract may be terminated by either party, at any time, by giving six months prior notice to the other party.

Mr. Ravindra Kumar is concerned and interested in the resolution as it relates to his appointment. None of the other Directors and other key managerial personnel or their respective relatives is concerned or interested financially or otherwise in this Resolution.

In compliance with the provisions of Sections 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the appointment and terms of remuneration specified above are now being placed before the Members for their approval.

The Board recommends the resolution for your approval.

By order of the Board of Directors

Pune  
Date: 28 March 2014

Shirish Dabir  
Company Secretary



**ATTENDANCE SLIP**

Registered Office : 147, Mumbai-Pune Road, Pimpri, Pune 411018.

1. Please fill this Attendance slip and hand it over at the entrance of the meeting hall.
2. Only Members of the Company or their proxies will be allowed to attend the meeting.

I hereby record my presence at the Fifty-eighth Annual General Meeting of the Company, held at Hall No.4, 'A' Wing, 5th Floor, MCCA Trade Tower, ICC Complex, Senapati Bapat Road, Pune 411016 on Tuesday, 6 May 2014 at 3.30 p.m.

Member's / Proxy's Signature \_\_\_\_\_

Member's / Proxy's Full Name \_\_\_\_\_  
(in block capitals)

Folio No. / DP-ID : \_\_\_\_\_

No. of Shares : \_\_\_\_\_



**PROXY FORM**

Registered Office : 147, Mumbai-Pune Road, Pimpri, Pune 411018.

I / We \_\_\_\_\_

of \_\_\_\_\_

being a member of ELANTAS Beck India Ltd. hereby

appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him / her \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

as my / our proxy to vote for me / us on my / our behalf at the Fifty-eighth Annual General Meeting of the Company to be held on Tuesday, 6 May 2014 at 3.30 p.m.

Signed this..... day of ..... 2014      Signature .....

Folio No. / DP-ID : \_\_\_\_\_

## ELANTAS Beck India Ltd.

147 Mumbai-Pune Road, Pimpri, Pune 411018.

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28 March 2014

Dear Shareholder,

**Sub: ECS Mandate for shareholders holding shares in physical (materialized) form**

The Company has already made arrangement for effecting payment of dividend to the members of the Company through ECS facility.

You will find the ECS mandate form on the reverse side of this letter. You are requested to kindly send the same, duly filled and signed by you along with a cancelled cheque (for purpose of verification of MICR No.) to our Registrars & Share Transfer Agents viz. Sharepro Services (India) Pvt. Ltd. at the following address:

Sharepro Services (India) Pvt. Ltd.  
Unit: ELANTAS Beck India Ltd.  
Sam Hita Warehousing Complex,  
Warehouse No 52 & 53, Plot No 13AB, 2nd Floor,  
Sakinaka, Andheri (East),  
Mumbai-400072.

Kindly note that the said form along with a cancelled cheque should reach Sharepro Services (India) Pvt. Ltd. on or before 30 April 2014. Mandates received after 30 April 2014, though will be recorded for payment of future dividends, may not be considered for payment of dividend for the year 2013, through ECS.

Members, who do not submit the ECS mandate form or make delay in submitting the same beyond 30 April 2014, shall receive the dividend warrant/s at their respective address registered with the Company.

The ECS mandate form can also be used by the members for recording fresh mandate, wherein the updated bank account details can be furnished.

Thanking you.

Yours faithfully,  
For ELANTAS Beck India Ltd.

Shirish Dabir  
Company Secretary.

*(This being a computer generated output, no signature is required)*

**E.C.S MANDATE FOR SHARES HELD IN PHYSICAL MODE**

To,

Sharepro Services (India) Pvt. Ltd.  
Unit: ELANTAS Beck India Ltd.  
Sam Hita Warehousing Complex,  
Warehouse No 52 & 53, Plot No 13AB, 2nd Floor,  
Sakinaka, Andheri (East),  
Mumbai-400072.

Dear Sir,

I, the undersigned hereby furnish the E.C.S mandate for necessary registration at your end. Kindly register the same in your records and issue the future dividend payments directly to my bank account by E.C.S., under intimation to me.

Folio No. :

Name of holder(s) :

Name of the Bank :

Branch :

Account No :

Account Type : SB / CA/ OD/Others(please specify)

9 Digit MICR No. :

IFCS Code (as mentioned in cheque book):

**(Please provide a cancelled cheque or copy of cheque for MICR No. verification)**

Kindly do the needful.

Thanking You

Yours truly,

(Name of the Sole/ First holder)

---

(Specimen Signature)

Date :



**Participation in ELECRAMA at Bangalore**



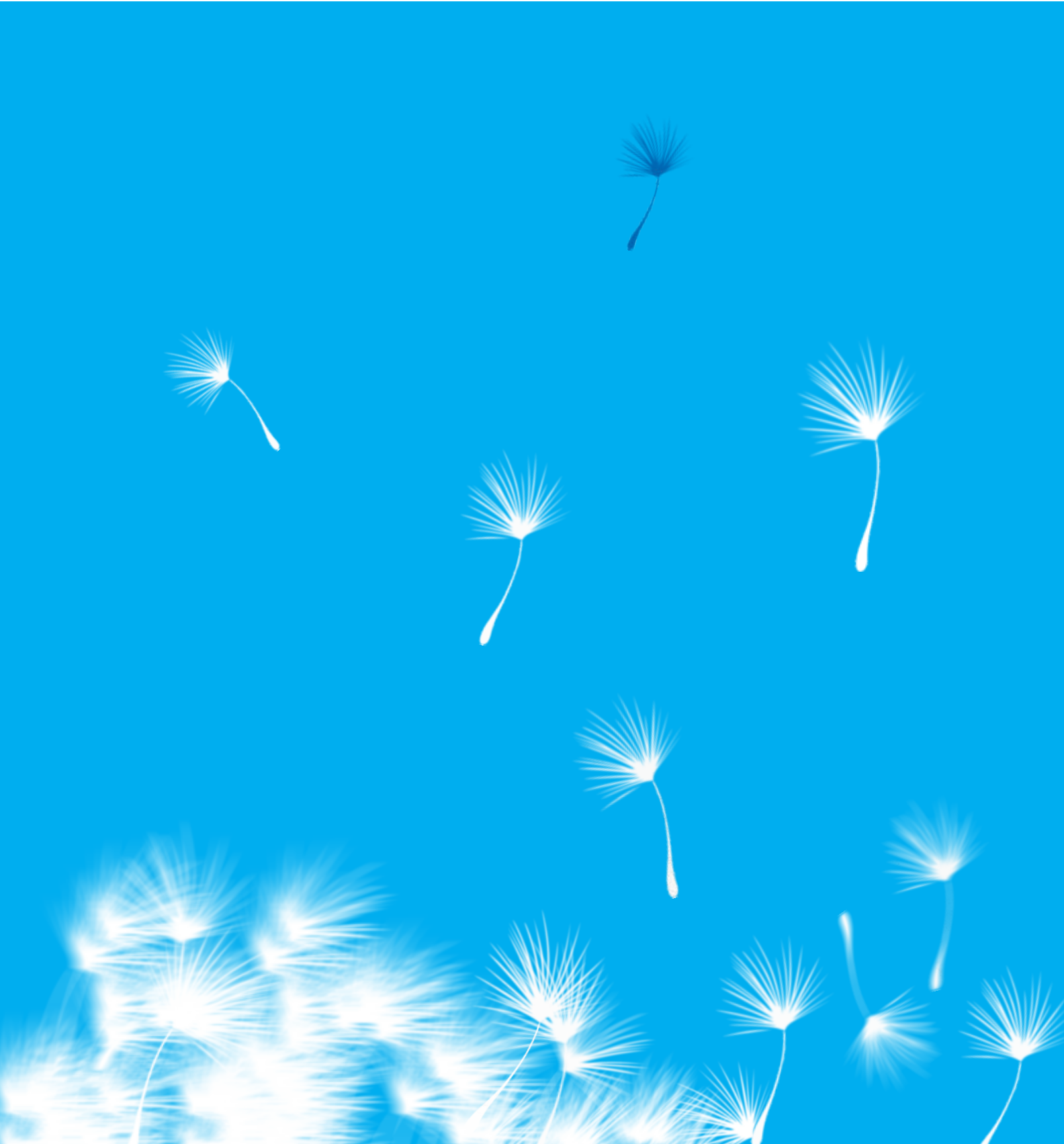
**Bringing smiles on faces - a CSR initiative for DEED School, Honsur, Karnataka**

# ELANTAS Beck India Ltd.

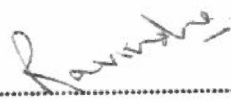
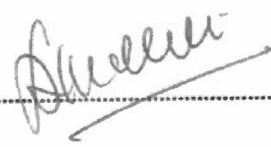
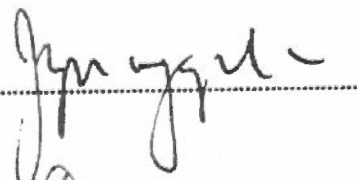
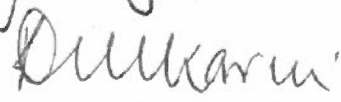
147, Mumbai-Pune Road,  
Pimpri, Pune- 411018, INDIA

[www.elantas.com/beck-india](http://www.elantas.com/beck-india)

A member of **ALTANA**



Form A

1	Name of the Company	ELANTAS Beck India Ltd.
2	Annual Financial statements for the year ended	31 December 2013.
3	Type of audit observation	Un-qualified / <del>Matter of Emphasis</del>
4	Frequency of observation	Whether appeared first time .... / repetitive ..... / since how long period ....  N.A.
5	To be signed by :	
	Mr. Ravindra Kumar CEO/ Managing Director	 .....
	Mr. Sanjay Kulkarni CFO / General Manager- Finance & Materials	 .....
	Mr. Juzer Miyajiwala BSR & Co. LLP - Auditors of the Company	 .....
	Mr. Ravindra Kulkarni Audit Committee Chairman	 .....