

# **NAGPUR POWER & INDUSTRIES LIMITED**

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14<sup>th</sup> ANNUAL REPORT 2009-2010

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As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting  
Shareholders are requested to kindly bring their copies to the meeting.

**BOARD OF DIRECTORS**

Mr. Gautam P. Khandelwal  
*Executive Chairman*

Mr. Mohan S. Adige  
Mr. Girish M. Bakre  
Mr. Arnold Allen

**REGISTRAR & SHARE TRANSFER AGENTS**

**Sharepro Services (India) Private Limited**  
13AB, Samhita Warehousing Complex,  
Second Floor, Sakinaka Telephone Exchange Lane,  
Off. Andheri Kurla Road, Sakinaka,  
Andheri (East), Mumbai - 400 072.  
Tel No.: 022-67720334/37(Direct)  
022-37720300/400 (Board)  
Email-id : sharepro@shareproservices.com

**Asst. COMPANY SECRETARY**

Ms. Kalpana Patel  
*B.Com, ACS, L.L.B.*

**AUDITORS**

M/s. M. V. Ghelani & Co.  
*Chartered Accountants, Mumbai*

**BANKERS**

State Bank of India

**LISTED AT**

Bombay Stock Exchange Limited

**REGISTERED OFFICE**

Nirmal, 20th Floor, Nariman Point,  
Mumbai - 400 021.

Tel No : 022 - 22023055 / 66

Fax No : 022 - 22043162

Email ID : npil\_investor@khandelwalindia.com

**WORKS**

Khandelwal Nagar, Dist. Nagpur - 441 402.

**NOTICE**

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of Nagpur Power & Industries Limited will be held on Friday, September 17, 2010 at 10.00 A.M at Sunflower II, MVIRDC World Trade Centre, Centre One, 30<sup>th</sup> Floor, Cuffe Parade, Mumbai- 400005 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010, Profit & Loss Account for the year ended on that date and Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mohan Adige, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s M. V. Ghelani & Co., Chartered Accountants, as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

By order of the Board of Directors

Kalpana Patel  
Asst. Company Secretary

Place: Mumbai

Date: May 28, 2010

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.  
Proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for holding the meeting
2. Register of Members and Share Transfer Books of the Company will remain closed from September 10, 2010 to September 17, 2010 (both days inclusive).
3. The Company's equity shares are listed at Bombay Stock Exchange Limited, Phiroze Jeejibhoy Towers, Dalal Street, Mumbai 400001 and the Company has paid the Annual Listing Fees to the Stock Exchange for the financial year 2010-11.
4. Members requiring any information on accounts are requested to write to the Company at least one week before the meeting so as to enable Management to keep information ready, replies will be provided only at the meeting.
5. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at an Annual General Meeting.
6. Consequent upon introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form 2B (which will be made available on request) to the Registrar and Transfer Agent, Sharepro Services (India) Private Limited.

By order of the Board of Directors

Kalpana Patel  
Asst. Company Secretary

Place: Mumbai

Date: May 28, 2010

**Directors' Report, Management Discussion and Analysis Report**

To,  
The Members,  
Your Directors presents the Fourteenth Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended March 31, 2010.

**Financial Highlights**

The performance of your Company for the year under review is summarized below:

| <b>Particulars</b>                                 | <b>(Rs. in Lakhs)</b> |                |
|--|-----------------------|----------------|
|  | <b>2009-10</b>        | <b>2008-09</b> |
| Sales & Other Income                               | 1351.28               | 3308.61        |
| Profit/(Loss) before Interest, Depreciation & Tax  | 801.08                | 2242.22        |
| Less: Interest                                     | 0.49                  | 0.88           |
| Profit before Depreciation                         | 800.59                | 2241.34        |
| Less: Depreciation                                 | 35.93                 | 82.94          |
| Profit before taxation and Exceptional Items       | 764.66                | 2158.40        |
| Add: Exceptional Items                             | 273.67                | 0              |
| Profit before taxation but after Exceptional Items | 1038.33               | 2158.40        |
| - Provision for current tax                        | 485.00                | 793.77         |
| - Deferred Tax and adjustments prior year          | -2.25                 | 0.99           |
| Profit after Taxation                              | 555.58                | 1363.64        |
| Less: Prior period items/Extra-ordinary items      | 1.13                  | 0              |
| Profit for the period                              | 554.45                | 1363.64        |

**Dividend**

In order to conserve resources and augment funds for future developmental activities and make further investments to strengthen business of the Company, your Directors do not recommend any dividend.

**Directors**

Mr. Mohan Adige, Director retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

**Management Discussion and Analysis**

In terms of Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, the Management Discussion and Analysis report of the Company is as follows:

**a) Economy review:**

During the year, while there were encouraging signs of recovery in global economy, much of the developed world, especially Eurozone still continues to witness negative or very low GDP growth. Uncertainties continue to haunt the global economic landscape. Business sentiments, while better than before, still remain muted. However, Indian economy has shown resilience and has managed to register growth in GDP at 7.4% for the year 2009-10 and expected to grow at 8.5% in current year.

**b) Business and Industrial review and future outlook:**

Ferro alloys business has been highly volatile during the year. The Company mainly operates on Metal Recovery Plant and produces Low Ferro Manganese (Slag) through its profitable slag recovery process. There has been decline in volume due to depletion of slag dumps. The Company is preparing itself to meet the challenges by looking at alternative business opportunities / diversifications in the near future.

**c) Risks, Concerns & Threats:**

Depletion of slag dumps poses a major problem for the Company in the years to come. In order to counter this, Company is looking for new business and/or develop its surplus infrastructure. The Company has Core Management Committee, which meets frequently to take the stock of all the impending and immediate threats to the business and takes necessary steps for positioning of the Company to meet same in time. Any major threats affecting the Company in general and business environment indirectly affecting the functioning of the Company are discussed with the Board from time to time.

**d) Internal Control Systems:**

The Company has adequate internal control systems in place. These systems are continuously monitored, periodically reviewed and wherever necessary are modified as per the requirements for exercising effective controls. The systems are subjected to the supervision of the Audit Committee and the Board.

**e) Financial Performance / Overview of Operations:**

During the year under review, the total income of the Company has been decreased to Rs. 1351.28 Lakhs from Rs. 3308.61 Lakhs. This decrease is mainly attributable to the decline in price and decline in volume of slag dumps, as Company mainly operates on Metal Recovery plant. Further, the Company has completed Sale of furnaces at a profit of Rs. 275 Lakhs, which has been shown under the head Exceptional items (for details please refer note xiv of schedule 19).

**Subsidiary Company and Consolidated Statements**

The Company has one subsidiary i.e 'The Motwane Manufacturing Company Private Limited'. During the year, revenue of the Company has marginally increased to Rs. 1370 Lakhs from Rs. 1315 Lakhs and Net profit of the Company has reduced to Rs. 30 Lakhs from Rs. 58 Lakhs. With launch of new High Voltage products and geographical expansion in Indian market, the Company is expected to deliver much better performance in near future.

Consolidated Financial Statements in accordance with Accounting Standard-21 issued by The Institute of Chartered Accountants of India have been provided in the Annual Report. These Consolidated Financial Reports provide financial information about your Company and its Subsidiary as a single economic entity. The Consolidated Financial Statements form part of this Annual Report. Further, the financial statements of a Subsidiary forms part of this Annual Report. Further, a statement pursuant to section 212(3) of the Companies Act, stating financial details about subsidiary, is also annexed to this report.

**Auditors**

M/s. M. V. Ghelani & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company hold office until the conclusion of ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed as Statutory Auditors for the Financial Year 2010-11.

**Employees**

Relations between the employees and the management remained cordial during the year under review.

The Company has no employees of the specified categories under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended upto date.

**Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo**

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, your Directors furnish the required details below:

(A) Conservation of Energy: The Company continues to take appropriate measures with regard to conservation of energy:

Total Energy consumption and energy consumption per unit of production is as follows:

| Particulars                         | Financial Year | Financial Year |
|-------------------------------------|----------------|----------------|
|                                     | 2009-10        | 2008-09        |
| Electricity purchased:              |                |                |
| - Units (KWH)                       | 3,47,245       | 3,96,235       |
| - Total Amount (Rs in lakhs)        | 22.77          | 20.25          |
| - Rate / KWH (Rs)                   | 6.55           | 5.11           |
| Consumption per unit of Production: |                |                |
| Ferro Manganese / Silico Manganese  |                |                |
| - Units in KWH                      | 4.34           | 2.87           |

(B) Technology Absorption:

- a. Research and Development (R & D): The Company has not undertaken any R&D activity in the current year.
- b. Technology Absorption, Adaptation and Innovation: The Company has not imported any technology during the year.

(C) Foreign Exchange earnings and outgo: During the year under review, the foreign Exchange outgo was Rs 18.27 lakhs (Previous year – Rs 48.69 lakhs). The foreign exchange earning was Nil (Previous year – Nil).

#### Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of your Company confirms that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2010 and of the profit of the Company for that year;
- iii) the Directors have taken proper and sufficient care to the best of their knowledge and ability, 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 for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

#### Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a detailed report on Corporate Governance along with the Certificate of Statutory Auditors on the Compliance is given as an Annexure to this Report.

#### Acknowledgements

Your Board of Directors wish to place on record their appreciation for the whole-hearted co-operation received by the Company from Shareholders, various Government departments, Company's Bankers and all the employees during the year under review.

For and on behalf of the Board of Directors

Gautam P. Khandelwal  
Chairman

Place : Mumbai  
Date : May 28, 2010

## Report on Corporate Governance

### 1. Company's philosophy on the Corporate Governance:

Nagpur Power & Industries Limited believes in adopting the best practices in the area of Corporate Governance and follows the principles of fair representation, full disclosure, accountability and responsibility in all its dealings and communications with the ultimate objective of realizing and enhancing shareholder's values and protecting the rights and interests of all its stakeholders,

### 2. Board of Directors:

#### a) Composition:

The Board of the Company comprises of Four (4) Directors. Of these Three (3) Directors are independent Directors. The Chairman of the Board is an Executive Director.

#### b) Meetings of the Board

The meetings of the Board of Directors are held atleast once in quarter, scheduled well in advance and generally held at the Company's Registered office in Mumbai. During the Financial Year 2009-10, Six Board meetings were held. The Board meetings were held on April 28, 2009, June 30, 2009, July 30, 2009, October 29, 2009, December 7, 2009 and January 29, 2010.

Attendance of each Director at the Board Meeting and the last Annual General Meeting:

| Sr. No. | Name of Directors       | Attendance details |            |
|---------|-------------------------|--------------------|------------|
|         |                         | Board Meeting      | Last A.G.M |
| 1.      | Mr. Gautam P.Khandelwal | 6                  | Yes        |
| 2.      | Mr. Mohan S. Adige      | 6                  | Yes        |
| 3.      | Mr. Girish M. Bakre     | 5                  | No         |
| 4.      | Mr. Arnold Allen        | 1                  | No         |

#### c) Directorship of Directors in other Companies

The details of the Directors with regard to their outside Directorships, committee positions are as follows:

| Name of Director        | Executive/<br>Non-Executive/<br>Independent | Outside Directorship Held |         | Outside Committee Positions Held |        |
|-------------------------|---|---------------------------|---------|----------------------------------|--------|
|                         |   | Public                    | Private | Chairman                         | Member |
| Mr. Gautam P.Khandelwal | Executive                                   | Three                     | Five    | One                              | One    |
| Mr. Mohan S. Adige      | Independent                                 | Five                      | One     | Nil                              | Five   |
| Mr. Girish Bakre        | Independent                                 | Nil                       | Two     | Nil                              | Nil    |
| Mr. Arnold Allen        | Independent                                 | One                       | Nil     | Nil                              | One    |

1. Independent Director means a Director defined as such under Clause 49 of the Listing Agreement.

2. Only two Committees viz. the Audit Committee and the Shareholders / Investor Grievance Committees are considered.

#### d) Detail of Directors being appointed and re-appointed

The details of the Directors being appointed and re-appointed at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement is as follows:

Mr. Mohandas Shenoy Adige, aged 65 years is a Metallurgical Engineer from BHU and underwent M.Met course at Sheffield University, UK. He has completed his Diploma in Operations Management and Financial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai University. He has over 40 years of industrial experience with about 20 years in General Management. He is a past Member of the Institute of Metals, The Institute of Indian Foundrymen, Indian Institute of Materials Management and current member of All India Management Association. He is a member of the Western Region Council of the Confederation of Indian Industry (CII). He is also a member on the Board of Directors of five other listed companies.

#### e) Code of Conduct:

The Company has laid down code of conduct applicable to all Board Members and Senior Executives of the Company. All Board members and Senior Executives have confirmed compliance of the code of conduct. The Chairman of the Company has given the certificate as annexed to this report as per the requirement of Clause 49 of the Listing Agreement.



### 3. Audit Committee

The Audit Committee comprise of 3 members of the Board of the Company under the Chairmanship of Mr. Mohan Adige. Mr. Arnold Allen and Mr. Girish Bakre are other Members of the Audit Committee. The members of the Committee have the relevant experience in the field of finance, banking and accounting. General Manager Finance & Accounts, Asst. Company Secretary and Statutory Auditors are invitees to the Audit Committee meeting.

#### Terms of reference

- All the matters specified under section 292A of the Companies Act, 1956.
- Ensuring compliance with matters listed under the listing agreement with the stock exchange.
- Financial reporting process and disclosure of financial information.
- Reviewing any change in accounting policies and practices.
- Compliance with accounting standards and reviewing the adequacy of internal control system.
- Reviewing the reports of the internal and statutory auditors and ensuring that adequate follow up and action is taken by the Management.

The Committee met 6 times during the year under review. The said meetings were held on April 28, 2009, June 30, 2009, July 30, 2009, October 29, 2009, December 7, 2009 and January 29, 2010

| Name of Director | Attendance |
|------------------|------------|
| Mr. Mohan Adige  | 6          |
| Mr. Girish Bakre | 6          |
| Mr. Arnold Allen | 1          |

### 4. Remuneration Committee

The Company had constituted Remuneration Committee to formulate and recommend to the Board all elements of the remuneration package of the Managing Director and Executive Director. The Remuneration Committee comprise of Mr. Girish Bakre, Chairman, and Mr. Mohan Adige, Member. During the year under review, the Remuneration Committee met on June 30, 2009.

Monthly remuneration is paid to Executive Director while other independent directors are eligible only for sitting fees. Mr. Mohan S. Adige, Mr. Girish Bakre and Mr. Arnold Allen have waived sitting fees.

Details of remuneration paid to Directors for the year:

| Name of the Director  | Salary & Perquisites (Rs.) | Commision(Rs.) | Sitting Fees (Rs.) | Total   |
|-----------------------|----------------------------|----------------|--------------------|---------|
| Mr. Gautam Khandelwal | 2373934                    | 1219877        | Nil                | 3593811 |

### 5. Share Transfer and Investor Grievances Committee

The Committee consists of 3 Members under the chairman ship of Mr. Mohan Adige. Mr. Girish Bakre and Mr. Arnold Allen are other Members of the Committee. During the year, the Committee met from time to time to approve transfers, transmission of shares, issue of duplicate/rematerialized shares and consolidated and splitting of share certificates etc, and to review shareholders correspondence including complaints received from shareholders and its redressal.

### 6. Annual General Meetings:

Details of the last three Annual General Meetings held is given below:

| Financial Year | Date, Time and Venue  | Special Resolutions passed                                       |
|----------------|---|--|
| 2006-2007      | September 28, 2007 at 9.00 A.M<br>Seminar II, World Trade Centre, Centre One,<br>31 <sup>st</sup> Floor, Cuffe Parade, Mumbai-400005.   | 1 special Resolution was passed<br>unanimously by show of hands. |
| 2007-2008      | September 25, 2008 at 9.00 A.M<br>Sunflower II, World Trade Centre, Centre One,<br>30 <sup>th</sup> Floor, Cuffe Parade, Mumbai-400005. | 3 special Resolution were passed<br>unanimously by show of hands |
| 2008-2009      | September 25, 2009 at 9.00 A.M<br>Sunflower II, World Trade Centre, Centre One,<br>30 <sup>th</sup> Floor, Cuffe Parade, Mumbai-400005. | 1 special Resolution was passed<br>unanimously by show of hands  |

Further, during the financial year 2009-10, no special resolution was passed through postal ballot. No special resolution requiring a Postal Ballot is being proposed at the ensuing AGM.

#### 7. Disclosures

- The disclosures with regard to transactions with related parties are given in the Schedule 19- Notes to Accounts under Note xi of the audited financial statements for the year ended March 31, 2010. The Audit Committee has reviewed these transactions in compliance with Clause 49 of the Listing Agreement. There were no instances of non-compliance, penalties, restrictions imposed on the Company by Stock Exchange, SEBI or any statutory authority on any matter related to capital markets, during the last three years.
- Company does not have Whistle Blower Policy, but however no person is denied access to Audit Committee.
- The Company has complied with mandatory requirement.
- The Company has adopted Non-mandatory requirement of setting up Remuneration Committee.

#### 8. Means of communication

- The quarterly un-audited results were published in Free Press Journal and Navshakti, in accordance with the requirement of the Listing Agreement.
- Annual audited financial results were published in Free Press Journal and Navshakti. These are not sent individually to the shareholders. No presentations were made to institutional investors or to the analysts.

#### 9 General Shareholders Information

##### (a) Annual General Meeting:

|       |   |  |
|-------|---|--|
| Date  | : | September 17, 2010   |
| Time  | : | 10.00 A.M  |
| Venue | : | Sunflower II, MVIRDC World Trade Centre, Centre One, 30 <sup>th</sup> Floor, Cuffe Parade, Mumbai- 400005. |

##### (b) Financial Calendar (April 1, 2010 to March 31, 2011):

|                                   |   |                   |
|-----------------------------------|---|-------------------|
| First quarter results             | : | End July, 2010    |
| Second quarter results            | : | End October, 2010 |
| Third quarter results             | : | End January, 2011 |
| Fourth quarter and Annual results | : | End May 2011      |
| Annual General Meeting            | : | September 2011    |

##### (c) Date of Book closure

: September 10, 2010 to September 17, 2010 (both days inclusive)

##### (d) Listing details :

|                |   |  |
|----------------|---|--|
| Stock Exchange | : | Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400023. |
| Scrip code     | : | 532362   |
| ISIN Number    | : | INE099E01016 - NSDL & CDSL   |

##### (e) Market Price Data:

High/Low price and volume of the Company's shares at BSE during each month in Financial Year 2009-2010 is as follows:

| Month          | High (Rs.) | Low (Rs.) | Volume (shares) |
|----------------|------------|-----------|-----------------|
| April-2009     | 30.85      | 17.25     | 164593          |
| May-2009       | 40.00      | 23.05     | 174377          |
| June-2009      | 48.00      | 31.75     | 221047          |
| July-2009      | 42.35      | 31.10     | 324088          |
| August-2009    | 46.00      | 33.00     | 455244          |
| September-2009 | 44.80      | 37.10     | 132845          |
| October-2009   | 41.00      | 32.10     | 71428           |
| November-2009  | 39.45      | 30.10     | 61728           |
| December-2009  | 38.80      | 33.10     | 63783           |
| January-2010   | 47.00      | 31.60     | 283199          |
| February-2010  | 40.00      | 33.20     | 82118           |
| March-2010     | 41.85      | 32.40     | 324217          |

(f) **Registrar and Transfer Agent:****Sharepro Services (India) Pvt. Ltd.**

13AB, Samhita Warehousing Complex,  
Second Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka,  
Andheri (East), Mumbai – 400072.  
Tel No.: 022-67720334/37(Direct)  
022-37720300/400(Board)

Email-id: sharepro@shareproservices.com

(g) **Share Transfer System:**

Share transfer in physical form are registered and returned within a period of 7 to 15 days from the date of receipt in case documents are complete in all respects. The share transfer committee meets every fortnight.

(h) **Distribution of Shareholding as on March 31, 2010 is as under:**

| No. of shares   | No. of Shareholders | %          | No. of shares   | %             |
|-----------------|---------------------|------------|-----------------|---------------|
| Upto 500        | 3876                | 76.25      | 920936          | 7.03          |
| 501-1000        | 513                 | 10.09      | 390012          | 2.98          |
| 1001-2000       | 417                 | 8.20       | 532509          | 4.07          |
| 2001-3000       | 125                 | 2.46       | 292702          | 2.24          |
| 3001-4000       | 37                  | 0.73       | 127295          | 0.97          |
| 4001-5000       | 39                  | 0.77       | 178710          | 1.36          |
| 5001-10000      | 31                  | 0.61       | 213068          | 1.63          |
| 10001 and above | 45                  | 0.89       | 10440275        | 79.72         |
| <b>TOTAL</b>    | <b>5083</b>         | <b>100</b> | <b>13095507</b> | <b>100.00</b> |

(i) **Shareholding Pattern as on March 31, 2010 is as under:**

| Sr. No. | Category                                  | No. of Shres held | % of Shareholding |
|---------|---|-------------------|-------------------|
| 1       | Indian Promoters                          | 2037400           | 15.56             |
| 2       | Foreign Promoters                         | 5641100           | 43.08             |
| 3       | Directors and relatives (other than in 1) | 200               | 0.00              |
| 4       | Financial Institutions i.e LIC            | 1924250           | 14.69             |
| 5       | Nationalised Banks                        | 11650             | 0.09              |
| 6       | Private Bodies Corporate                  | 339190            | 2.59              |
| 7       | Indian Public                             | 3127903           | 23.89             |
| 8       | NRI/OCBs                                  | 13814             | 0.11              |
|         | <b>TOTAL</b>                              | <b>13095507</b>   | <b>100.00</b>     |

(j) **Dematerialization of shares as on March 31, 2010**

| Particulars                            | No. of Shares   | % to Capital |
|--|-----------------|--------------|
| Dematted                               |                 |              |
| National Securities Depository Limited | 9112057         | 69.58        |
| Central Depository Securities Limited  | 2383768         | 18.20        |
| Physical                               | 1599682         | 12.22        |
| <b>Total</b>                           | <b>13095507</b> | <b>100</b>   |

(k) **Outstanding GDR's/ADR's/Warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs/ADRs and there are no warrants or any Convertible instruments.

(l) **Plant Location:**

Khandelwal Nagar, Dist. Nagpur-441402, Maharashtra.

**(m) Name and Designation of Compliance Officer:**

Ms. Kalpana M. Patel  
Asst. Company Secretary

**(n) Address for correspondence:**

The Asst. Company Secretary  
The Nagpur Power & Industries Limited  
Nirmal, 20<sup>th</sup> Floor, Nariman Point, Mumbai-400021.  
Tel No. : 022-22023055/66  
Fax No.: 022-22043162  
Email id: npil\_investor@khandelwalindia.com

**(o) Auditors Certificate on Corporate governance:**

The Auditors Certificate on Compliance of Clause 49 of the Listing Agreement relating to Corporate Governance is given as an annexure to this report.

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**Declaration**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics in respect of Financial Year 2009-10.

For Nagpur Power & Industries Limited  
Gautam P. Khandelwal  
Chairman

Date: May 28, 2010  
Place: Mumbai

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**Annexure****Auditors' Certificate regarding compliance of the conditions of Corporate Governance**

To,

**The Members of**

**Nagpur Power & Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Nagpur Power & Industries Limited, for the year ended 31<sup>st</sup> March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange, (hereinafter referred to as clause 49).

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

**For M.V.Ghelani & Co.**  
Chartered Accountants

**M.V.Ghelani**  
Proprietor

Date: May 28, 2010  
Place: Mumbai

**AUDITORS REPORT****TO THE MEMBERS OF  
NAGPUR POWER & INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of NAGPUR POWER & INDUSTRIES LIMITED as at 31<sup>st</sup> March 2010 and the Profit and Loss account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government vide notification No G.S.R. 480(E) dated 12<sup>th</sup> June 2003 in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors of the Company, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) *Reference is invited to Schedule 19 note (ii) viz. the Company has not accounted for Stocks of such balance waste accumulated over the years at its unit at Khandelwal Nagar, Kanhan, Nagpur as in the opinion of the Management its quality, unextracted metal content therein and the realisable value is not ascertainable.*
  - (vii) *And subject to the comments in Paragraph 4(vi) above the effect whereof on the accounts is not ascertainable,* In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the accounting policies and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - (a) in case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010
    - (b) in the case of the Profit and loss account, of the profit for the year ended on that date;
    - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date

For **M.V. GHELANI & CO**  
**CHARTERED ACCOUNTANTS**

**(M. V. GHELANI)**  
**PROPRIETOR**

Place : Mumbai  
Dated : 28<sup>th</sup> May, 2010

**ANNEXURE TO THE AUDITOR'S REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

Annexure referred to in paragraph 3 of our report of even date to the members of Nagpur Power & Industries Limited on the financial statements for the year ended 31<sup>st</sup> March 2010.

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the company and nature of its fixed assets. No material discrepancies were noticed on such verification.  
(c) Reference is invited to schedule 4 Fixed Assets note (b) and schedule 19 note (xiv) on the sale of assets forming substantial part of the Ferro Alloys business of the company for a price of Rs. 660 lacs. According to the information and explanations given to us, we are of the opinion that the sale of the said assets has not affected the going concern status of the company.
- 2 (a) The inventory has been physically verified by the management during the year and in our opinion, the frequency of such verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, the procedures of 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) In our opinion and according to the information and explanation given to us, except *in respect of stock of accumulated waste referred to in Schedule 19 Note (ii) the Company is maintaining proper records of inventory.* The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company and the same have been properly dealt with in books of accounts.
- 3 In respect of loans / advances, secured or unsecured granted or taken by the Company to/ from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:  
(a) During the year, the Company has not taken loan/advances from any party listed in the register maintained under section 301 of the Companies Act, 1956. During the year, the Company has granted loan/advance to one party covered in the register maintained under section 301 of the Companies Act, 1956, the maximum amount involved during the year was Rs. 92,483 and their outstanding at the year end is Rs. NIL.  
(b) According to the information and explanations given to us, the loan/advance is interest free. In our opinion, other terms and conditions are not prima facie, prejudicial to the interest of the Company.  
(c) According to the information and explanations given to us, there is no overdue amount of loan granted to these Companies listed 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, prima facie there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of audit, we have not observed any weakness in internal controls.
- 5 (a) According to the information and explanations provided by the management to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956, have been so entered.  
(b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of any contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding Rs. Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time where such market prices are available.
- 6 The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed thereunder.
- 7 The Company does not have any Internal Audit System commensurate with size of the Company and nature of its business.
- 8 According to the information and explanations given to us, the maintenance of cost records was not prescribed by the Central Government under section 209(1)(d) of the Act for any of the activities of the Company.
- 9 (a) The Company is generally regular in depositing with appropriate authorities, Provident Fund, ESIC and other undisputed statutory dues including Income Tax, sales Tax, Wealth Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to it.  
(b) 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, Custom Duty, Excise Duty, cess and other statutory dues were in arrears, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they become payable.

(c) According to the information and explanations given to us, the following dues of sales tax, customs duty and excise duty have not been deposited with the appropriate authorities on account of dispute;

| <b>Name of the Statute</b>  | <b>Nature of dues</b>                               | <b>Amount<br/>(Rs. in lacs)</b> | <b>Forum where dispute is pending</b>   |
|---|---|---------------------------------|---|
| West Bengal Sales tax Act, 1957<br>Sales tax Case at Calcutta.                            | Sales tax demand for the various Asst. Years        | 2.43                            | Commissioner of Sales Tax (Appeal)<br>Calcutta.                                       |
| Uttar Pradesh Sales tax Act, 1957<br>Sales tax Case at Kanpur.                            | Sales tax demand for the various Asst. Year 1980-81 | 3.33                            | Commissioner of Sales Tax (Appeal)<br>Kanpur  |
| Central Excise Act, 1944<br>Customs Act, 1962 & Finance Act,<br>1994 Duty case at Nagpur. | Excise Duty   | 26.58                           | Commissioner of Customs & Central .<br>Exice (Appeals), Nagpur                        |
| Customs Act, 1962   | Customs and<br>Advalorem Duty                       | 58.19                           | Commissioner of Customs (E. P.) and<br>Directorate General of Foreign Trade<br>(DGFT) |
| B.S.T Act, 1959   | B.S.T & C.S.T                                       | 195.45                          | JT. Commissioner of sales tax,<br>(Appeals), Nagpur                                   |
| <b>TOTAL Rs.</b>  |   | <b>285.98</b>                   |   |

- 10 The Company does not have accumulated losses at the end of the financial year, it has not incurred any cash loss during the financial year covered by our audit and the immediately preceding financial year.
- 11 According to the information and explanations given to us and the records made available to us, the Company has not defaulted in repayment of dues to any financial institution, banks or debenture holders during the year.
- 12 According to the information and explanations given to us and the records made available to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities
- 13 According to the information and explanations given to us and the records made available to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14 In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
- 15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16 According to the information and explanations given to us and the records made available to us, the Company has not obtained any term loans during the period covered by our audit report.
- 17 According to the information and explanations given to us and the records made available to us, the Company has not used any funds raised on short-term basis for long-term investment and vice versa during the period covered by our audit report.
- 18 The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- 19 According to the information and explanations given to us and the records made available to us, the Company has not issued any debentures during the period covered by our audit report.
- 20 According to the information and explanations given to us and the records made available to us, the Company has not raised any money by public issue during the period covered by our audit report.
- 21 To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by Company has been noticed or reported during the course of our audit.

For **M. V. GHELANI & CO.**  
**CHARTERED ACCOUNTANTS**

**(M.V. GHELANI)**  
**PROPRIETOR**

Place : Mumbai  
Date : 28<sup>th</sup> May, 2010

## BALANCE SHEET AS AT 31ST MARCH 2010

|  | Schedule | Rupees                | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|--|----------|-----------------------|------------------------------------|------------------------------------|
| <b>SOURCES OF FUNDS</b>                            |          |                       |                                    |                                    |
| <b>Shareholder's Funds</b>                         |          |                       |                                    |                                    |
| Capital  | 1        |                       | 130,955,070.00                     | 130,955,070.00                     |
| Reserves and Surplus                               | 2        |                       | 444,147,533.83                     | 388,702,145.81                     |
| <b>Loan Funds</b>                                  |          |                       |                                    |                                    |
| Secured Loans                                      | 3        |                       | 2,876,615.01                       | 1,064,099.85                       |
| Deferred Tax Liability                             |          |                       | -                                  | 224,776.36                         |
| <b>TOTAL</b>                                       |          |                       | <b><u>577,979,218.84</u></b>       | <b><u>520,946,092.02</u></b>       |
| <b>APPLICATION OF FUNDS</b>                        |          |                       |                                    |                                    |
| <b>Fixed Assets</b>                                |          |                       |                                    |                                    |
| Gross Block  | 4        | 258,275,538.50        |                                    | 414,252,495.24                     |
| Less: Depreciation and Impairment                  |          | <u>31,936,410.42</u>  |                                    | <u>147,383,875.57</u>              |
|  |          | <u>226,339,128.08</u> |                                    | <u>266,868,619.67</u>              |
| Asset Delivered under Agreement                    |          | -                     |                                    | <u>41,122,600.00</u>               |
| <b>Net Block</b>                                   |          |                       | 226,339,128.08                     | 225,746,019.67                     |
| <b>Investments</b>                                 | 5        |                       | 388,398,737.36                     | 368,871,249.41                     |
| <b>Current Assets, Loans and Advances</b>          |          |                       |                                    |                                    |
| Inventories  | 6        | 2,461,241.21          |                                    | 3,431,470.21                       |
| Sundry Debtors                                     | 7        | -                     |                                    | 1,339,830.00                       |
| Cash & Bank Balances                               | 8        | 11,525,985.71         |                                    | 11,824,739.45                      |
| Other Current Assets, Loans & Advances             | 9        | <u>132,325,729.55</u> |                                    | <u>77,747,731.74</u>               |
|  |          | <u>146,312,956.47</u> |                                    | <u>94,343,771.40</u>               |
| <b>Less : Current Liabilities &amp; Provisions</b> |          |                       |                                    |                                    |
| Current Liabilities                                | 10       | 18,872,860.85         |                                    | 48,680,470.46                      |
| Provisions   | 11       | <u>164,198,742.22</u> |                                    | <u>119,334,478.00</u>              |
|  |          | <u>183,071,603.07</u> |                                    | <u>168,014,948.46</u>              |
| <b>Net Current Assets</b>                          |          |                       | (36,758,646.60)                    | (73,671,177.06)                    |
| <b>TOTAL</b>                                       |          |                       | <b><u>577,979,218.84</u></b>       | <b><u>520,946,092.02</u></b>       |

Significant Accounting Policies and  
Notes to Accounts

19

The Schedules and Notes to account referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

As per our report of even date annexed

**For M.V.Ghelani & Co.**  
**Chartered Accountants**

**M.V.Ghelani**  
Proprietor

Mumbai : 28th May, 2010

For and on behalf of the Board

**Gautam P.Khandelwal**  
Chairman

**M.S.Adige**  
Director

Mumbai : 28th May 2010



### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

|   |            | For the year ended<br>31st March 2010 | For the year ended<br>31st March 2009 |
|---|------------|---------------------------------------|---------------------------------------|
| Schedule  |            | Rupees                                | Rupees                                |
| <b>INCOME</b>   |            |                                       |                                       |
| Sales ( including excise duty)  |            | 126,029,802.00                        | 329,043,177.00                        |
| Other Income  | 12         | 9,097,901.61                          | 1,818,075.56                          |
| Increase / (Decrease ) in Stock                                       | 13         | 22,691,308.00                         | 56,570,215.00                         |
| Provision no longer required  | 14         | -                                     | 18,225.00                             |
| <b>Total Income</b>   | <b>A</b>   | <b><u>157,819,011.61</u></b>          | <b><u>387,449,692.56</u></b>          |
| <b>EXPENDITURE</b>  |            |                                       |                                       |
| Materials Consumed  |            | 22,592,910.00                         | 58,749,051.24                         |
| Manufacturing Expenses  | 15         | 36,032,558.13                         | 77,169,624.75                         |
| Administrative, General and other Expenses                            | 16         | 19,085,129.50                         | 27,308,536.13                         |
| <b>Total Expenditure</b>  | <b>B</b>   | <b><u>77,710,597.63</u></b>           | <b><u>163,227,212.12</u></b>          |
| <b>PROFIT BEFORE INTEREST AND DEPRECIATION</b>                        | <b>A-B</b> | <b>80,108,413.98</b>                  | <b>224,222,480.44</b>                 |
| Interest  | 17         | 48,765.73                             | 87,871.98                             |
| Depreciation  |            | 3,593,498.26                          | 8,294,799.83                          |
| <b>PROFIT BEFORE TAXATION AND<br/>EXCEPTIONAL/ PRIOR PERIOD ITEMS</b> |            | <b><u>76,466,149.99</u></b>           | <b><u>215,839,808.63</u></b>          |
| Add :Exceptional items  | 18         | 27,367,501.67                         | -                                     |
| Less : Prior period item  |            | 113,040.00                            | -                                     |
| <b>PROFIT BEFORE TAXATION</b>   |            | <b><u>103,720,611.66</u></b>          | <b><u>215,839,808.63</u></b>          |
| <b>Payment &amp; Provision for taxation</b>                           |            |                                       |                                       |
| Current Tax   |            | 48,500,000.00                         | 79,100,000.00                         |
| Fringe Benefit Tax  |            | -                                     | 277,000.00                            |
| Deferred Tax/(Deferred Tax liability no longer required)              |            | (224,776.36)                          | 98,875.00                             |
| <b>PROFIT AFTER TAXATION</b>  |            | <b><u>55,445,388.02</u></b>           | <b><u>136,363,933.63</u></b>          |
| <b>AMOUNT AVAILABLE FOR APPROPRIATION</b>                             |            | <b>55,445,388.02</b>                  | <b>136,363,933.63</b>                 |
| <b>Appropriation :</b>  |            |                                       |                                       |
| Transfer to General Reserve   |            | <b><u>55,445,388.02</u></b>           | <b><u>136,363,933.63</u></b>          |
| Earnings Per Share (Basic & Diluted)                                  |            | 4.23                                  | 10.41                                 |
| Significant Accounting Policies and Notes to Accounts                 | 19         |                                       |                                       |

The Schedules and Notes to account referred to above form an integral part of the Profit and Loss Account.  
This is the Profit & Loss Account referred to in our report of even date.

As per our report of even date annexed

**For M.V.Ghelani & Co.**  
**Chartered Accountants**

**M.V.Ghelani**  
Proprietor

Mumbai : 28th May, 2010

**For and on behalf of the Board**

**Gautam P.Khandelwal**  
Chairman

**M.S.Adige**  
Director

Mumbai : 28th May 2010

## SCHEDULES FORMING PART OF THE BALANCE SHEET

|                                       | As at<br>31st March 2010<br>Rupees         | As at<br>31st March 2009<br>Rupees |
|---------------------------------------|--|------------------------------------|
| <b>SCHEDULE 1 - SHARE CAPITAL</b>     |  |                                    |
| <b>AUTHORISED</b>                     |  |                                    |
| 2,00,00,000                           | Equity Shares of Rs. 10 each               | 2,00,000,000.00                    |
| 50,00,000                             | Unclassified Shares of Rs. 10 each         | 50,000,000.00                      |
|                                       |  | <u>2,50,000,000.00</u>             |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b> |  |                                    |
| 1,30,95,507                           | Equity Shares of Rs.10 each fully paid up. | 130,955,070.00                     |
|                                       |  | <u>130,955,070.00</u>              |
| <b>TOTAL</b>                          |  | <u>130,955,070.00</u>              |

**NOTE:**

Of the above shares 1,30,95,500 Equity Shares of Rs. 10 each are allotted as fully paid up for consideration other than cash pursuant to the Scheme of Arrangement sanctioned on 9th July, 1998 by the Honourable High Court of Judicature at Bombay.

**SCHEDULE 2 - RESERVES AND SURPLUS****General Reserve**

|   |                       |                       |
|---|-----------------------|-----------------------|
| Balance as per last Balance Sheet           | 388,702,145.81        | 252,338,212.18        |
| Add : Transfer from Profit and Loss Account | 55,445,388.02         | 136,363,933.63        |
|   | <u>444,147,533.83</u> | <u>388,702,145.81</u> |

**SCHEDULE 3 - SECURED LOANS****From State Bank Of India**

|   |              |            |
|---|--------------|------------|
| Overdraft Limit                               | 2,614,140.01 | 705,389.85 |
| (Secured by Term Deposit Receipt of the bank) |              |            |

**From Axis Bank**

|   |                     |                     |
|---|---------------------|---------------------|
| Car Loan  | 262,475.00          | 358,710.00          |
| (Secured by hypothecation of car purchased under the loan ) |                     |                     |
|   | <u>2,876,615.01</u> | <u>1,064,099.85</u> |

## SCHEDULES FORMING PART OF THE BALANCE SHEET

## SCHEDULE 4 - FIXED ASSETS

| Fixed Assets                              | GROSS BLOCK                    |            |                |                                | DEPRICIATION                   |                 |                |                                | IMPAIRMENT                     |                                |                                | Net Block<br>as on<br>31.10.2010 |
|---|--------------------------------|------------|----------------|--------------------------------|--------------------------------|-----------------|----------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|----------------------------------|
|   | Opening<br>as on<br>01.04.2009 | Additions  | Deductions     | Closing<br>as on<br>31.03.2010 | Opening<br>as on<br>01.04.2009 | for the<br>year | Deductions     | Closing<br>as on<br>31.10.2010 | Opening<br>as on<br>01.04.2009 | Reversal<br>during the<br>year | Closing<br>as on<br>31.10.2010 |                                  |
| Land (FreeHold)                           | 181,251,700.00                 | -          | -              | 181,251,700.00                 | -                              | -               | -              | -                              | -                              | -                              | -                              | 181,251,700.00                   |
| Buildings<br>See Note(d)                  | 46,214,682.34                  | -          | 10,662,567.53  | 35,552,114.81                  | 12,980,523.71                  | 942,081.99      | 3,654,159.31   | 10,268,446.40                  | 776,709.33                     | 776,709.33                     | -                              | 25,283,668.41                    |
| Plant & Machinery<br>See Note (e)         | 169,305,615.48                 | 141,580.00 | 143,950,684.25 | 25,496,511.23                  | 118,278,506.00                 | 1,617,505.44    | 107,051,531.71 | 12,844,479.73                  | 5,718,057.46                   | 5,718,057.46                   | -                              | 12,652,031.50                    |
| Railway Siding                            | 5,377,765.94                   | -          | -              | 5,377,765.94                   | 2,504,230.77                   | 255,443.88      | -              | 2,759,674.65                   | -                              | -                              | -                              | 2,618,091.29                     |
| Furniture &<br>Equipment                  | 5,431,143.25                   | 621,787.00 | -              | 6,052,930.25                   | 3,164,479.18                   | 357,905.04      | -              | 3,522,384.23                   | 604,814.59                     | -                              | 604,814.59                     | 1,925,731.43                     |
| Vehicles                                  | 6,671,588.23                   | 45,438.00  | 2,172,509.96   | 4,544,516.27                   | 2,788,457.95                   | 420,561.90      | 1,272,409.04   | 1,936,610.81                   | 568,096.59                     | 568,096.59                     | -                              | 2,607,905.46                     |
| Current year                              | 414,252,495.24                 | 808,805.00 | 156,785,761.74 | 258,275,538.50                 | 139,716,197.61                 | 3,593,498.26    | 111,978,100.06 | 31,331,595.82                  | 7,667,677.97                   | 7,062,863.38                   | 604,814.59                     | 226,339,128.09                   |
| Previous year                             | 413,623,909.24                 | 628,586.00 | -              | 414,252,495.24                 | 131,421,397.77                 | 8,294,799.83    | -              | 139,716,197.61                 | 7,667,677.97                   | -                              | 7,667,677.97                   | 266,868,619.66                   |
| Less: Assets delivered<br>under agreement |                                |            |                |                                |                                |                 |                |                                |                                |                                |                                | (41,122,600.00)                  |
|   |                                |            |                |                                |                                |                 |                |                                |                                |                                |                                | 225,746,019.66                   |

## NOTE:

- Vehicles include certain vehicles Gross Block Rs. 19,38,454 which are transferred to the company pursuant to the scheme of Arrangement and yet in the process of registration in the company's name .
- During the year, the company has completed the Sale of Continuous process Plant- 9 MVA Furnace (2 nos), 2 MVA Furnace (1 nos) and related pollution control equipment (1 Nos) along with Shed and Accessories forming substantial part of the Ferro Alloy business of the company. Accordingly, the "assets delivered under agreement" during the previous year together with the "assets held for disposal" at the end of the previous year and delivered during the year are shown as deduction, and the impairment losses thereon reversed on completion of sale. The depreciation for the year includes depreciation on these assets up to the date of completion.
- On completion of sale of continous process plant and the sale of vehicle the impairment losses thereon are reversed. Refer to schedule 19 Note No.(x) on Impairment of Fixed Assets.
- The Depreciation for the year, has been provided on Gross Block net of Impairment losses and accumulated depreciation. Refer to Schedule 19 note (i)(b) on Fixed Assets and Depreciation.

| As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|------------------------------------|------------------------------------|
|------------------------------------|------------------------------------|

## SCHEDULE 5 - INVESTMENTS

## A) AT COST - TRADE

## Unquoted

## In fully paid up Equity Shares in Subsidiary

|   |                      |                      |
|---|----------------------|----------------------|
| Motwane Manufacturing Company Pvt.Ltd.                      | 52,748,830.00        | 52,748,830.00        |
| 89233 Equity Shares (Previous Year : 89233) of Rs. 100 each |                      |                      |
| <b>Total (A)</b>  | <b>52,748,830.00</b> | <b>52,748,830.00</b> |

## B) AT COST - NONTRADE

## (i) LONG TERM

## a) Quoted

## In Fully Paid-up Equity Shares

|  |            |            |
|--|------------|------------|
| ABB Limited  | 105,772.81 | 105,772.81 |
| [200 Equity Shares (Previous Year : 200) of Rs. 2 each]  |            |            |
| ACC Limited  | 505,458.13 | 505,458.13 |
| [700 Equity Shares (Previous Year : 700) of Rs. 10 each] |            |            |

## SCHEDULES FORMING PART OF THE BALANCE SHEET

|   | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|---|------------------------------------|------------------------------------|
| Axis Bank Ltd.<br>[1300 Equity Shares (Previous Year :1300) of Rs. 10 each]                         | 537,199.03                         | 537,199.03                         |
| Bharti Airtel Ltd.<br>[700 Equity Shares (Previous Year : 350 of Rs 10 each) of Rs. 5 each]         | 230,765.27                         | 230,765.27                         |
| Crompton Greaves Ltd.<br>[875 Equity Shares (Previous Year : 500) of Rs. 2 each]                    | 73,861.90                          | 73,861.90                          |
| Globus Spirit Ltd.<br>[25000 Equity Shares (Previous Year : Nil) of Rs. 10 each]                    | 2,500,000.00                       | -                                  |
| Grasim Industries Ltd.<br>[200 Equity Shares (Previous Year :200) of Rs. 10 each]                   | 206,121.14                         | 206,121.14                         |
| HDFC<br>[400 Equity Shares (Previous Year : 400) of Rs. 10 each]                                    | 640,575.57                         | 640,575.57                         |
| HDFC Bank Ltd.<br>[300 Equity Shares (Previous Year : 300) of Rs. 10 each]                          | 280,151.52                         | 280,151.52                         |
| Hindalco Industries<br>[5500 Equity Shares (Previous Year : 5500) of Re. 1 each]                    | 266,199.51                         | 266,199.51                         |
| Indian Hotels Co. Ltd.<br>[18940 Equity Shares (Previous Year : 18940) of Re. 1 each]               | 991,289.76                         | 991,289.76                         |
| ITC Limited<br>[1000 Equity Shares (Previous Year : 1000) of Re. 1 each]                            | 188,730.00                         | 188,730.00                         |
| Josts Engg.<br>[ 50 Equity Shares (Previous Year : 50) of Rs. 10 each]                              | 14,703.64                          | 14,703.64                          |
| Kotak Mahindra Bank Ltd.<br>[1800 Equity Shares (Previous Year : 1800) of Rs. 10 each]              | 697,928.38                         | 697,928.38                         |
| Larsen & Toubro Ltd.<br>[900 Equity Shares (Previous Year : 800) of Rs. 2 each]                     | 800,294.66                         | 659,134.46                         |
| Mahindra & Mahindra Ltd.<br>[5600 Equity Shares (Previous Year : 2800 of Rs 10 each) of Rs. 5 each] | 1,158,118.17                       | 1,158,118.17                       |
| Mahindra Financial Services Ltd.<br>[233 Equity Shares (Previous Year : 233) of Rs. 10 each]        | 46,600.00                          | 46,600.00                          |
| Marico Limited<br>[3500 Equity Shares (Previous Year : 3500) of Re. 1 each]                         | 193,447.00                         | 193,447.00                         |
| NTPC Limited<br>[1700 Equity Shares (Previous Year : 1700) of Rs. 10 each]                          | 300,045.22                         | 300,045.22                         |
| Petronet LNG Ltd.<br>[7000 Equity Shares (Previous Year : 7000) of Rs. 10 each]                     | 281,512.16                         | 281,512.16                         |
| Pidilite Industries Ltd.<br>[4000 Equity Shares (Previous Year : 2000) of Re. 1 each]               | 191,884.41                         | 191,884.41                         |
| Power Grid Corp. Ltd.<br>[4500 Equity Shares (Previous Year : 4500) of Rs. 10 each]                 | 351,076.36                         | 351,076.36                         |
| Reliance Communications Ltd.<br>[850 Equity Shares (Previous Year : 850) of Rs. 5 each]             | 307,542.59                         | 307,542.59                         |
| Reliance Ind. Ltd.<br>[1100 Equity Shares (Previous Year : 550) of Rs. 10 each]                     | 748,474.60                         | 748,474.60                         |
| Satyam Computer<br>[7200 Equity Shares (Previous Year : 1200) of Rs. 2 each]                        | 497,045.66                         | 202,988.91                         |
| State Bank of India<br>[1200 Equity Shares (Previous Year : 1200) of Rs. 10 each]                   | 1,461,534.16                       | 1,461,534.16                       |
| Tata Chemicals Ltd.<br>[1250 Equity Shares (Previous Year : 1250) of Rs. 10 each]                   | 212,238.06                         | 212,238.06                         |

## SCHEDULES FORMING PART OF THE BALANCE SHEET

|   | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|---|------------------------------------|------------------------------------|
| Tata Consultancy Service Ltd.<br>[2200 Equity Shares (Previous Year : 1100) of Re. 1 each]  | 697,479.75                         | 697,479.75                         |
| Tata Motors Limited<br>[3300 Equity Shares (Previous Year : 3300) of Rs. 10 each]   | 1,299,957.42                       | 1,299,957.42                       |
| Tata Power Co. Ltd.<br>[ 200 Equity Shares (Previous Year : 200) of Rs. 10 each]  | 169,076.29                         | 169,076.29                         |
| Tata Steel Ltd.<br>[3750 Equity Shares (Previous Year : 3750) of Rs. 10 each]   | 1,079,152.87                       | 1,079,152.87                       |
| Unitech<br>[4800 Equity Shares (Previous Year : 4800) of Rs. 2 each]  | 327,045.03                         | 327,045.03                         |
| United Phosphorous Ltd.<br>[1000 Equity Shares (Previous Year : 1000) of Rs. 2 each]  | 96,355.29                          | 96,355.29                          |
| <b>Sub Total (B) (i) (a)</b>  | <b>17,457,636.36</b>               | <b>14,522,419.41</b>               |
| <b>b) Unquoted<br/>In Fully Paid-up Equity Shares<br/>In Mutual Funds</b>   |                                    |                                    |
| <b>In units of Reliance Mutual Fund - Dividend Plan</b><br>[ Curent Year Nil (Previous Year : 5,00,000 ) units]   | -                                  | 5,000,000.00                       |
| <b>Sub Total (B) (i) (b)</b>  | -                                  | 5,000,000.00                       |
| <b>Total (B) (I)</b>  | <b>17,457,636.36</b>               | <b>19,522,419.41</b>               |
| <b>(ii) CURRENT</b>   |                                    |                                    |
| <b>Unquoted<br/>In Mutual Funds</b>   |                                    |                                    |
| In units of SBI Mutual Fund<br>Units of Magnum Institutional Income Fund Saving Growth<br>[2,05,87,358.09 Units (Previous Year : 2,30,15,394.56)<br>27,82,337 Units redeemed during the year] | 265,692,271.00                     | 296,600,000.00                     |
| Units of SBI SHF Ultra Short Term Funds<br>[36,27,954 Units (Previous Year Nil) ]   | 42,500,000.00                      | -                                  |
| In units of HDFC Mutual Fund<br>Units of HDFC Cash Mgmt. Treasury Advantage-<br>Wholesale Plan Growth<br>[4,95,972 Units (Previous Year Nil) ]  | 10,000,000.00                      | -                                  |
| <b>Sub Total (B) (ii)</b>   | <b>318,192,271.00</b>              | <b>296,600,000.00</b>              |
| <b>Total (B) (i+ ii)</b>  | <b>335,649,907.36</b>              | <b>316,122,419.41</b>              |
| <b>GRANDTOTAL (A+B)</b>   | <b>388,398,737.36</b>              | <b>368,871,249.41</b>              |
| Aggregate Cost of Company's quoted Investments  | 17,457,636.36                      | 14,522,419.41                      |
| Aggregate market value of Company's quoted Investments  | 31,937,933.00                      | 12,131,940.00                      |
| Aggregate Cost of Company's unquoted Investments  | 370,941,101.00                     | 354,348,830.00                     |

## SCHEDULES FORMING PART OF THE BALANCE SHEET

|  | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|--|------------------------------------|------------------------------------|
| <b>SCHEDULE 6 - INVENTORIES</b>  |                                    |                                    |
| (As Taken, Valued and Certified by Management)   |                                    |                                    |
| [Refer Schedule 19 - Note (i)(d) and (ii)]   |                                    |                                    |
| Raw Materials  | 435,396.41                         | 628,306.41                         |
| Finished Goods   | 8,540.00                           | 35,227.00                          |
| By-Products / Waste Products   | 744,669.00                         | 426,674.00                         |
| Stores & Spares  | 1,272,635.80                       | 2,341,262.80                       |
| [Valued at Cost except the obsolete/non useable stores written off for obsolescence; Current year Rs. Nil<br>(Previous year :Rs. 4,32,098.87) and includes fuel oil]     | 2,461,241.21                       | 3,431,470.21                       |
| <b>SCHEDULE 7 - SUNDRY DEBTORS</b>   |                                    |                                    |
| <b>Unsecured -</b>   |                                    |                                    |
| <b>Considered Good -</b>   |                                    |                                    |
| Debts outstanding for a period exceeding six months  | -                                  | -                                  |
| others   | -                                  | 1,339,830.00                       |
|  | -                                  | 1,339,830.00                       |
| <b>Considered Doubtful</b>   |                                    |                                    |
| Debts outstanding for a period exceeding   | -                                  | -                                  |
| <b>SCHEDULE 8 - CASH AND BANK BALANCES</b>   |                                    |                                    |
| Cash and Cheques on Hand   | 151,029.00                         | 215,215.45                         |
| Balances with Schedule Banks   |                                    |                                    |
| - In Current Accounts  | 6,156,941.71                       | 6,498,723.00                       |
| - In Fixed Deposits  | 5,218,015.00                       | 5,110,801.00                       |
| <b>Total</b>   | 11,525,985.71                      | 11,824,739.45                      |
| <b>SCHEDULE 9 - OTHER CURRENT ASSETS, LOANS AND ADVANCES</b>   |                                    |                                    |
| <b>Unsecured, Considered good</b>  |                                    |                                    |
| Deposits   | 907,464.50                         | 877,464.50                         |
| Advance Income Tax   | 125,088,546.00                     | 69,960,002.00                      |
| Advance Sales Tax  | 200,000.00                         | -                                  |
| Advances to Suppliers of goods and services  | 4,621,355.87                       | 4,121,632.73                       |
| Advances recoverable in cash or in kind or for value to be received :  | 1,508,363.18                       | 2,788,632.51                       |
| (Includes Rs.14,285 (previous year: Rs14,27,577) due from the directors of the company - maximum amount due during the year Rs. 14,27,577 (Previous year :Rs 14,27,577)) |                                    |                                    |
| <b>Total</b>   | 132,325,729.55                     | 77,747,731.74                      |

## SCHEDULES FORMING PART OF THE BALANCE SHEET

|  | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|--|------------------------------------|------------------------------------|
| <b>SCHEDULE 10 - LIABILITIES</b>   |                                    |                                    |
| <b>Sundry Creditors</b>  |                                    |                                    |
| (i) Dues to small scale industrial undertaking<br>(Refer Schedule 19 Note (v)) | -                                  | -                                  |
| (ii) Others  | 2,974,002.85                       | 2,294,842.46                       |
| Taxes Payable  | 145,451.00                         | 286,926.00                         |
| Security Deposits  | 266,435.00                         | 268,235.00                         |
| Advance from customers   | 10,033,250.00                      | 39,167,437.00                      |
| Others Liabilities   | 5,453,722.00                       | 6,663,030.00                       |
| <b>Total Liabilities</b>   | <b><u>18,872,860.85</u></b>        | <b><u>48,680,470.46</u></b>        |
| <b>SCHEDULE 11 - PROVISIONS</b>  |                                    |                                    |
| Provision for Income / Fringe Benefit Tax                                      | 162,569,588.00                     | 114,069,588.00                     |
| Provision for Leave Salary and Bonus   | 636,133.00                         | 756,823.00                         |
| Other Provisions   | 993,021.22                         | 4,508,067.00                       |
| <b>Total</b>   | <b><u>164,198,742.22</u></b>       | <b><u>119,334,478.00</u></b>       |

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

|   | For the Year ended<br>31st March 2010<br>Rupees | For the Year ended<br>31st March 2009<br>Rupees |
|---|---|---|
| <b>SCHEDULE 12 - OTHER INCOME</b>                                   |   |   |
| Foreign Exchange Fluctuation  | 9,975.00  | 27,164.00                                       |
| Interest (Gross)  | 509,062.38                                      | 529,888.00                                      |
| [Tax deducted at source Rs 70,277<br>(previous year : Rs.95,366 ) ] |   |   |
| Dividend Received   | 321,938.00                                      | 85,407.00                                       |
| Profit on Sale of Current Investments                               | 4,092,271.00                                    | -   |
| Profit on Sale of Long Term Investments (Mutual Fund)               | 2,441,724.00                                    | -   |
| Profit on Sale of Long Term Investments (Equity Shares)             | 1,668,342.23                                    | -   |
| Rent Received   | 4,980.00  | 4,500.00  |
| Sundry Balance written back   | 24,179.00                                       | 807,075.72                                      |
| Miscellaneous Income  | 25,430.00                                       | 364,040.84                                      |
| <b>Total</b>  | <b><u>9,097,901.61</u></b>                      | <b><u>1,818,075.56</u></b>                      |

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

|   | For the Year ended<br>31st March 2010<br>Rupees | For the Year ended<br>31st March 2009<br>Rupees |
|---|---|---|
| <b>SCHEDULE 13 - INCREASE / (DECREASE) IN STOCK</b>   |   |   |
| <b>A. Closing Stocks</b>  |   |   |
| Finished Goods  | 8,540.00  | 35,227.00                                       |
| By Products / Waste Products  | 744,669.00                                      | 426,674.00                                      |
| <b>Sub Total ( A )</b>  | <u>753,209.00</u>                               | <u>461,901.00</u>                               |
| <b>B. Stocks Ascertained And<br/>And Accounted During The Year<br/>[Refer Schedule 19 - Note. 19(ii)]</b> | 22,400,000.00                                   | 56,760,000.00                                   |
| <b>Sub Total ( B )</b>  | <u>22,400,000.00</u>                            | <u>56,760,000.00</u>                            |
| <b>C. Sub Total ( A+B )</b>   | <u>23,153,209.00</u>                            | <u>57,221,901.00</u>                            |
| <b>D. Opening Stocks</b>  |   |   |
| Finished Goods  | 35,227.00                                       | 513,568.00                                      |
| By Products / Waste Products  | 426,674.00                                      | 138,118.00                                      |
| <b>Sub Total ( D )</b>  | <u>461,901.00</u>                               | <u>651,686.00</u>                               |
| <b>Increase / (Decrease) ( C - D )</b>  | <u><b>22,691,308.00</b></u>                     | <u><b>56,570,215.00</b></u>                     |
| <b>SCHEDULE 14 - PROVISION WRITTEN BACK AS NO LONGER REQUIRED</b>   |   |   |
| Provision written back as no longer required  | -   | 18,225.00                                       |
|   | <u>-</u>  | <u>18,225.00</u>                                |
| <b>SCHEDULE 15 - MANUFACTURING EXPENSES</b>   |   |   |
| Salaries, Wages & Bonus   | 8,779,699.13                                    | 8,880,322.25                                    |
| Contribution to Provident, ESIC,<br>Gratuity, Pension & Other Funds                                       | 1,363,455.00                                    | 1,115,833.00                                    |
| <b>Sub Total</b>  | <u>10,143,154.13</u>                            | <u>9,996,155.25</u>                             |
| Power and Fuel<br>( Includes Prior Period Charges of Rs.10,98,236)  | 3,191,866.00                                    | 2,024,773.00                                    |
| Light and Water   | 344,851.00                                      | 287,888.00                                      |
| <b>Repairs</b>  |   |   |
| Plant & Machinery   | 344,539.00                                      | 754,875.00                                      |
| Buildings   | 900,992.00                                      | 6,320,303.00                                    |
| Others  | 1,554,449.00                                    | 1,598,757.00                                    |
| <b>Sub Total</b>  | <u>2,799,980.00</u>                             | <u>8,673,935.00</u>                             |
| Freight and Handling  | 7,535,740.00                                    | 12,603,595.00                                   |
| <b>Taxes</b>  |   |   |
| Sales Tax & other taxes   | 1,975,556.00                                    | 2,795,198.00                                    |
| Excise duty paid  | 9,675,967.00                                    | 40,424,949.00                                   |
| <b>Sub Total</b>  | <u>11,651,523.00</u>                            | <u>43,220,147.00</u>                            |
| <b>Rent, Rates Taxes &amp; Insurance</b>  |   |   |
| Rent Charges  | 228,526.00                                      | 216,024.00                                      |
| Insurance   | 136,918.00                                      | 147,107.50                                      |
| <b>Sub Total</b>  | <u>365,444.00</u>                               | <u>363,131.50</u>                               |
| <b>Total</b>  | <u><b>36,032,558.13</b></u>                     | <u><b>77,169,624.75</b></u>                     |



### SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

|   | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|---|------------------------------------|------------------------------------|
| <b>SCHEDULE 16 - ADMINISTRATIVE, GENERAL AND OTHER EXPENSES</b>     |                                    |                                    |
| Conveyance  | 128,246.00                         | 168,474.00                         |
| Travelling Expenses   | 3,195,456.84                       | 5,045,403.64                       |
| [Includes Director's Rs. 28,78,333<br>(previous year Rs.37,00,291 ) |                                    |                                    |
| Directors Remuneration  |                                    |                                    |
| -Salaries & Commission  | 3,593,811.00                       | 9,037,876.00                       |
| Auditor's Remuneration  | 203,531.00                         | 193,511.00                         |
| Postage Telegram & Telephone  | 1,091,112.39                       | 917,428.09                         |
| Printing & Stationery   | 179,334.75                         | 207,215.15                         |
| Legal & Consultancy Charges   | 2,628,250.00                       | 5,193,685.00                       |
| Security Expenses   | 433,294.00                         | 277,241.00                         |
| Service charges   | 621,448.00                         | 726,767.00                         |
| Bank charges  | 33,832.15                          | 63,474.48                          |
| Donation  | 2,002,000.00                       | 60,000.00                          |
| Advertisement & Publicity   | 40,877.00                          | 215,362.00                         |
| Upkeep of Heavy Vehicles  | 1,700,119.00                       | 1,545,146.00                       |
| Upkeep of Motor Car   | 884,116.23                         | 985,187.00                         |
| Obsolete/Non usable Stores W/off                                    | -                                  | 432,098.87                         |
| Raw Material written off  | -                                  | 601,150.48                         |
| Advance written off   | 60,708.13                          | 734,375.00                         |
| Miscellaneous Expenditures  | 2,288,993.01                       | 904,141.42                         |
| <b>Total</b>  | <b><u>19,085,129.50</u></b>        | <b><u>27,308,536.13</u></b>        |
| <b>SCHEDULE 17 - INTEREST CHARGES</b>                               |                                    |                                    |
| To Bank   | 48,765.73                          | 87,871.98                          |
| <b>Total</b>  | <b><u>48,765.73</u></b>            | <b><u>87,871.98</u></b>            |
| <b>SCHEDULE 18 - EXCEPTIONAL ITEMS</b>                              |                                    |                                    |
| Profit on sale of Fixed Assets                                      | 27,524,005.88                      | -                                  |
| Loss on sale of Fixed Assets  | (156,504.21)                       | -                                  |
| <b>Total</b>  | <b><u>27,367,501.67</u></b>        | <b><u>-</u></b>                    |

**SCHEDULE 19 - Notes forming part of the Accounts**

- l) Major Accounting Policies:
- a) Basis for preparation of Financial Statements:  
The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the accounting principles generally accepted in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
  - b) Fixed Assets and Depreciation:  
Fixed assets are stated at Cost less impairment losses, accumulated depreciation except freehold land, which is stated at cost. Consequent to the recognition of impairment loss depreciation for the year on assets impaired has been provided on the basis of revised balance useful life of those assets and on the straight-line method. Depreciation is provided on Straight Line Method and at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on all other assets except office equipments, furnaces and pollution control equipment. The depreciation on furnaces and pollution control equipments has been provided on Written Down Value Method and at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and the office equipments are depreciated at 6.33% on Straight Line Method
  - c) Investments:  
Investments are classified into long term and current investments. Long Term investments are stated at cost. Current investments are stated at lower of cost or market values. When disposing of a part of the holding of an individual investment, the carrying amount of cost allocated to the part that is disposed is determined on the basis of the average carrying amount of the total holding of the investment.
  - d) Inventories:  
Inventories of raw materials are stated at lower of cost or net realizable value. Work in process is stated at cost. Stores, spares & tools are stated at cost except the obsolete/non usable stores, which are written off for obsolescence. Finished goods and by-products/waste products are stated at lower of cost or net realisable value and by-products / waste products where cost cannot be determined are stated at net realisable value. The reusable waste, which is not ascertainable, is not accounted (Refer Note ii).
  - e) Sundry Debtors and Loans and Advances:  
Sundry Debtors and Loans and Advances are stated after making adequate provisions for doubtful balances.
  - f) Revenue Recognition:  
Revenue is recognised when no significant uncertainty as to determination or realisation exists.
  - g) Retirement and other employee benefit:
    - i) The Company contributes towards Provident Fund & Family Pension Fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution as required under the statute/rules.
    - ii) The Company contributes to defined benefit schemes for Gratuity. The liability for Gratuity and leave encashment is determined on the basis of actuarial valuations made at the year end.
  - h) Foreign Exchange Transactions:  
Transactions denominated in foreign currency are accounted at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and Loss Account. Exchange differences relating to fixed assets are adjusted in the cost of the asset. Premium in respect of forward contracts is accounted over the period of the contract
  - i) Taxation:  
Income tax expense comprises of current tax, deferred tax charge or credit and fringe benefit tax. The deferred tax charge or credit is recognised using current tax rates. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation/liabilities
  - j) Contingent Liability:  
Contingent liabilities are usually not provided for unless it is probable that the future outcome may be materially detrimental to the Company.

- ii) Company's Ferro Alloys unit generated waste during the process of manufacture, which has accumulated over the years in and around the main plant. The waste is reusable for extracting metal content therein. Company has set up a Metal Recovery Plant for the purpose. During the year, company has accounted for stock of unextracted metal contents valuing Rs. 22,400,000 (Previous Year Rs. 5,67,60,000/-) out of this accumulated waste based on the valuation report of the Consultant Metallurgist obtained during the year. The technical consultants have advised the Company that the balance of this accumulated waste in terms of its quality, metal content and realizable value cannot be yet reasonably ascertained. Company has therefore not been in a position to account for stock of this balance accumulated waste.

iii) **DEFINED BENEFIT PLANS:**

As per Actuarial valuation as on 31<sup>st</sup> March, 2010 and recognised in the financial statements in respect of Employee Benefit schemes:

|  | Gratuity<br>(in Rupees) |
|--|-------------------------|
| 1. Components of Employer Expenses:  |                         |
| a) Interest Cost from 01.04.09 to 31.03.10   | 3,45,780                |
| b) Service Cost from 01.04.09 to 31.03.10  | 2,65,390                |
| c) Actual return on Plan Assets  | 3,30,840                |
| d) Curtailment Cost / Credit   | -                       |
| e) Settlement Cost / Credit  | -                       |
| f) Past Service Cost   | -                       |
| g) Actuarial (Gain) / Loss   | -                       |
| h) (Gain) / Loss recognised upto 31.03.10  | 3,71,668                |
| i) Net loss provided as expense in P&L Account   | 6,51,998                |
| 2. Net Asset / (Liability) recognised in Balance Sheet as at 31 <sup>st</sup> March 2010 |                         |
| a) Present value of Obligation as at 31.03.10  | 54,36,692               |
| b) Fair value of Plan Assets as at 31.03.10  | 47,84,694               |
| c) Un-funded liability recognised in the Balance sheet                                   | 6,51,998                |
| 3. Changes in benefit obligation during the year ended 31 <sup>st</sup> March 2010       |                         |
| a) Actuarial value of Projected Benefit Obligations (PBO) as at 31.03.09                 | 46,10,396               |
| b) Service Cost from 01.04.2009 to 31.03.2010  | 2,65,390                |
| c) Interest Cost from 01.04.2009 to 31.03.2010   | 3,45,780                |
| d) Curtailment Cost / (Credit)   | -                       |
| e) Settlement Cost / (Credit)  | -                       |
| f) Plan Amendments   | -                       |
| g) Acquisitions  | -                       |
| h) Actuarial (Gain) / Loss on obligations  | 3,71,668                |
| i) Benefits Paid from 01.04.2009 to 31.03.2010   | 1,56,542                |
| j) PBO as at 31.03.10  | 54,36,692               |
| 4. Change in the fair value of Plan Assets   |                         |
| a) Fair value of plan Assets as at 01.04.09  | 39,79,762               |
| b) Actual return on plan Assets  | 3,30,840                |
| c) Actuarial Gain / (Loss)   | -                       |
| d) Actual Company Contribution   | -                       |
| e) Benefit Paid  | 1,56,542                |
| f) Plan Assets as at 31.03.10  | 47,84,694               |
| 5. Actuarial Assumptions:  |                         |
| a) Rate of Discounting (p.a.)  | 7.50%                   |
| b) Rate of Increase in Compensation level (p.a.)   | 5.00%                   |
| c) Rate of Return on Plan Assets (p.a.)  | 8.31%                   |

The company has relied on the valuation certificate issued by consulting Actuary for calculating the actuarial value of Gratuity liability of the employees of the company in terms of AS 15 (revised) issued by the Institute of Chartered Accountants of India.

iv) Contingent Liabilities not provided for:

|   | As at 31-03-2010<br>Rupees | As at 31-03-2009<br>Rupees |
|---|----------------------------|----------------------------|
| Claims made against the Company not acknowledged as debts :   |                            |                            |
| (a) Sales Tax Demand not provided for pending outcome of appeal<br>( Documents related to claim of Rs. 51,500 are currently not available with the company) | 2,01,73,539                | 6,27,736                   |
| (b) Excise Duty Demand not provided for pending outcome of appeal   | 26,57,798                  | 26,57,798                  |
| (c) Customs duty Demand not provided for pending outcome of appeal  | 58,18,808                  | 58,18,808                  |
| (d) Other Matters (Documents related to claim of Rs. 1,51,943 are currently not available with the company)   | 63,20,607                  | 1,08,54,857                |

Note:

Future cash outflow on (a) to (d) above is determinable only on the completion of negotiations/on receipt of judgments/ decisions pending with respective firms/authorities.

v) In Schedule 10 "Liabilities"

In the absence of information with the company, the names of small scale industrial undertakings to whom the company owes any sum together with interest outstanding for more than 30 days have not been given. The Auditors have relied upon this management representation.

vi) The declaration filed under the Urban Land (Ceiling and Regulation) Act, 1976 in respect of the Company's holdings in excess of the ceiling prescribed under the said Act and the application for exemption filed under Section 20 of the said Act, to retain these lands are under consideration of the concerned authorities.

vii) The Company has only one reportable segment of activity namely manufacture of "High Carbon Ferro Manganese, High Carbon Silico Manganese, Medium Carbon Ferro Manganese and Low Carbon Ferro Manganese."

viii) The balance of Sundry Debtors, Deposits, Advances and Sundry Creditors are subject to confirmation.

ix) In the opinion of the Board, current assets, loans and advances have value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

x) In accordance with the Accounting Standard on "Impairment of Assets" AS-28, the Company has recognised impairment losses as at 1<sup>st</sup> April, 2004 amounting to Rs.76,67,677/- on certain assets of the company at Nagpur by a corresponding adjustment to general reserve during the year ended 31<sup>st</sup> March, 2005 pursuant to the transitional provisions of the said Standard. On completion of sale of some of these impaired assets during the current year, the reversal of impairment losses thereon amounting to Rs.70,62,863 has been recognized and shown in schedule 18 – Exceptional Items

xi) Related Party disclosures as required under Accounting Standard - AS18 issued by the Institute of Chartered Accountants of India, are given below:

(I) Name and Nature of Relationship of the Related Parties where Control Exists:

| Name of the Related Party                 | Nature of Relationship |
|---|------------------------|
| a) Magnachem Pharmaceuticals Private Ltd. | Associate Company      |
| b) Informed Technologies India Limited    | Associate Company      |
| c) Zeppelin Investments Private Ltd.      | Associate Company      |
| d) Khandelwal Remedies Private Ltd.       | Associate Company      |
| e) Meteor Metals & Ores Ltd.              | Associate Company      |
| f) Khandelwals Ltd.                       | Associate Company      |
| g) Motwane Manufacturing Company Pvt. Ltd | Subsidiary Company     |

(II) Name of the Related Parties having transaction with the Company during the year and the details of transactions carried out with them:

|   |                          |
|---|--------------------------|
| 1 Enterprises owned or significantly influenced by any management personnel or their relatives. |                          |
| a) Informed Technologies India Limited  |                          |
| Advance Received/Advance Repaid   | Rs.5,79,631/ 5,79,631    |
| 2 Key Management Personnel  | Remuneration (in Rupees) |
| a) Mr. Gautam P. Khandelwal   | Rs. 35,93,811            |
| b) Mr. S. B. Kanbargi   | Rs. 7,68,798             |
| c) Mr. S. M. Hede   | Rs. 16,36,920            |

(III) **Balances Outstanding as at 31st March, 2010**

|   | Maximum<br>outstanding Balance<br>(Rs.) | Receivables<br>(Rs.)  | Payables<br>(Rs.) |
|---|---|-----------------------|-------------------|
| <b>1 Related parties where control exists</b>   |   |                       |                   |
| a) Informed Technologies India Limited          | 92,483<br>(4,98,665)                    | NIL<br>(NIL)          | NIL<br>(NIL)      |
| <b>2 Key Management Personnel</b>               |   |                       |                   |
| Mr. Gautam Khandelwal                           | 14,285<br>(14,27,577)                   | 14,285<br>(14,27,577) | NIL<br>(NIL)      |
| <b>3 Relatives of Key Management Personnel*</b> |   | *See Note             |                   |

*Figures in brackets are related to previous year*

\* The company does not have an exhaustive list of business or professions in which relatives of directors of the company have substantial interest. As such, payments made to any such persons, if any have not been identified. This management representation has been relied upon by the Auditors.

(IV) No amounts have been written off/provided for or written back during the year in respect of debts due from or to related parties.

xii) **Earnings Per Share:**

|                                     |       | For the year ended<br>31 <sup>st</sup> Mar, 2010 | For the year ended<br>31 <sup>st</sup> Mar, 2009 |
|-------------------------------------|-------|--|--|
| Profit (Loss) for the year (Rs.)    | (A)   | 5,54,45,388                                      | 13,63,63,933                                     |
| Number of Equity Shares Outstanding | (B)   | 130,95,507                                       | 130,95,507                                       |
| Earnings per share of Rs 10 each    | (A/B) | 4.23   | 10.41  |

xiii) **Additional information pursuant to the provisions of Paragraphs 3, 4, 4A, 4B, 4C and 4D of Part II Schedule VI of the Companies Act, 1956:**

| a) Managerial Remuneration:<br>[To the Executive Chairman]  | For the year ended<br>31 <sup>st</sup> Mar, 2010 | For the year ended<br>31 <sup>st</sup> Mar, 2009 |
|---|--|--|
|   | Rupees   | Rupees   |
| Salaries & Allowances (excluding provision for Leave Salary)  | 22,20,000  | 22,20,000  |
| Commission  | 12,19,877  | 67,46,958  |
| Contribution to Provident & Gratuity Fund   | 61,282   | 70,918   |
| Perquisites Reckoned under Income Tax Rules   | 92,652   | -  |
| <b>Total</b>  | <b>35,93,811</b>                                 | <b>90,37,876</b>                                 |
| Computation of net profits in accordance with sec. 198 Companies Act, 1956:   |  |  |
| Profit Before Tax   | 10,38,33,652                                     | 21,58,39,809                                     |
| Add: Depreciation charged in the accounts   | 35,93,498  | 82,94,800  |
| Directors Remuneration  | 35,93,811  | 90,37,876  |
| Loss on sale of Investments   | -  | 6,664  |
| Less: Depreciation charged as per Section 350   | 35,74,895  | 82,80,623  |
| Profit from sale of Fixed Assets & Investments  | 3,55,69,839                                      | -  |
| Net Profit for Section 198  | <u>7,18,76,227</u>                               | <u>22,48,98,526</u>                              |
| Maximum commission payable to<br>Executive Director (Chairman) @ 3% of Net profit<br>under section 198 (Previous Year 3%) | 21,56,287  | 67,46,958  |
| Overall limit of managerial remuneration @ 5% of Net profit<br>under section 198  | 35,93,811  | 1,12,44,926                                      |
| Commission payable for the year<br>(not exceeding the overall remuneration @ 5% of Net profit<br>under section 198)       | 12,19,877  | 67,46,958  |

**b) Auditor's Remuneration  
(including Service Tax)**

|                                      | For the year ended<br>31 <sup>st</sup> Mar, 2010<br>Rupees | For the year ended<br>31 <sup>st</sup> Mar, 2009<br>Rupees |
|--------------------------------------|--|--|
| Audit Fees                           | 1,10,300   | 1,10,300   |
| Taxation matters including tax audit | 55,150   | 55,150   |
| Certification Work                   | 24,845   | 28,061   |
| Out of Pocket expenses               | 13,236   | -  |
| <b>TOTAL</b>                         | <b>2,03,531</b>  | <b>1,93,511</b>  |

**c) Quantitative information in regard to Licensed Capacity, Installed Capacity and Actual Production:**

| Products                                  | Unit | Installed Capacity | (All Quantity in MT)                             |  |
|---|------|--------------------|--|--|
|   |      |                    | Actual Production                                |  |
|   |      |                    | For the year ended<br>31 <sup>st</sup> Mar, 2010 | For the year ended<br>31 <sup>st</sup> Mar, 2009 |
| Ferro Manganese<br>OR<br>Silico Manganese | MT   | 47750              | 1.40   | -  |
| Value added Ferro Alloys                  | MT   | 30000              | -  | 17   |
| Ferro Manganese<br>Slag (High MnO)**      | MT   | 6000               | -  | -  |
| Ferro Manganese<br>Slag (Low MnO)**       | MT   | N.A.**             | -  | -  |
|   |      |                    | 38,050   | 45,500   |

Note : (1) As per the industrial policy declared in July 1991 and as amended in April 1993, no license is required for the products manufactured by the company.

(2) Installed Capacities are as certified by the management on which Auditors have placed reliance, this being a technical matter.

\*\* (3) Since a By-Product / Waste product

**d) Sales:**

|                                | For the year ended<br>31 <sup>st</sup> March, 2010 |                     | For the year ended<br>31 <sup>st</sup> March, 2009 |                     |
|--------------------------------|--|---------------------|--|---------------------|
|                                | Quantity<br>MT                                     | Value<br>Rupees     | Quantity<br>MT                                     | Value<br>Rupees     |
|                                | Ferro Manganese                                    | 2                   | 90,922   | 10                  |
| Silico Manganese               | -  | -                   | 17   | 3,89,028            |
| Ferro Manganese Slag (Low MnO) | 37,595   | 12,55,90,225        | 45,346   | 32,64,39,741        |
| Manganese Ore                  | -  | -                   | -  | -                   |
| Others                         | -  | 3,48,655            | -  | 13,47,105           |
| <b>Total</b>                   |  | <b>12,60,29,802</b> |  | <b>32,90,43,177</b> |

**e) Opening Stock**

|                                 | For the year ended<br>31 <sup>st</sup> March, 2010 |                 | For the year ended<br>31 <sup>st</sup> March, 2009 |                 |
|---------------------------------|--|-----------------|--|-----------------|
|                                 | Quantity<br>MT                                     | Value<br>Rupees | Quantity<br>MT                                     | Value<br>Rupees |
|                                 | Ferro Manganese                                    | 1               | 30,031   | 11              |
| Silico Manganese                | -  | 5,196           | -  | 8,055           |
| Ferro Manganese Slag (High MnO) | 261  | 1,25,240        | 261  | 1,32,391        |
| Ferro Manganese Slag (Low MnO)  | 162  | 3,01,121        | 8  | 5,397           |
| Silico Manganese Slag           | 3  | 313             | 3  | 330             |
| <b>Total</b>                    |  | <b>4,61,901</b> |  | <b>6,51,686</b> |

| f) | Closing Stock                   | For the year ended           |                 | For the year ended           |                 |
|----|---------------------------------|------------------------------|-----------------|------------------------------|-----------------|
|    |                                 | 31 <sup>st</sup> March, 2010 |                 | 31 <sup>st</sup> March, 2009 |                 |
|    |                                 | Quantity                     | Value           | Quantity                     | Value           |
|    |                                 | MT                           | Rupees          | MT                           | Rupees          |
|    | Ferro Manganese                 | 0.07                         | 3,246           | 1                            | 30,031          |
|    | Silico Manganese                | 0.24                         | 5,294           | -                            | 5,196           |
|    | Ferro Manganese Slag (High MnO) | 261                          | 1,27,624        | 261                          | 1,25,240        |
|    | Ferro Manganese Slag (Low MnO)  | 617                          | 6,16,726        | 162                          | 3,01,121        |
|    | Silico Manganese Slag           | 3                            | 319             | 3                            | 313             |
|    | <b>Total</b>                    |                              | <b>7,53,209</b> |                              | <b>4,61,901</b> |

| g) | Raw Material Consumed | For the year ended           |                    | For the year ended           |                    |
|----|-----------------------|------------------------------|--------------------|------------------------------|--------------------|
|    |                       | 31 <sup>st</sup> March, 2010 |                    | 31 <sup>st</sup> March, 2009 |                    |
|    |                       | Quantity                     | Value              | Quantity                     | Value              |
|    |                       | MT                           |                    | MT                           |                    |
|    | Coke/Manganese Ore    | 56                           | 1,67,310           | 199                          | 20,74,651          |
|    | Slag RM               | 44,735                       | 2,24,25,600        | 47,273                       | 5,66,74,400        |
|    | <b>Total</b>          |                              | <b>2,25,92,910</b> |                              | <b>5,87,49,051</b> |

Value of all Imported and Indigenous Raw Materials, Stores, Spare Parts and Components Consumed:

|                 | For the year ended           |            | For the year ended           |            |
|-----------------|------------------------------|------------|------------------------------|------------|
|                 | 31 <sup>st</sup> March, 2010 |            | 31 <sup>st</sup> March, 2009 |            |
|                 | Rupees                       | %          | Rupees                       | %          |
| Raw Materials : |                              |            |                              |            |
| Indigenous      | 2,25,92,910                  | 100        | 5,93,50,201                  | 100        |
| Imported        | -                            | -          | -                            | -          |
| <b>Total</b>    | <b>2,25,92,910</b>           | <b>100</b> | <b>5,93,50,201</b>           | <b>100</b> |

|   | For the year ended           | For the year ended           |
|---|------------------------------|------------------------------|
|   | 31 <sup>st</sup> March, 2010 | 31 <sup>st</sup> March, 2009 |
| Value of all Imports Calculated on CIF Basis: | Nil                          | Nil                          |

| h) | Expenditure in Foreign Currency: | For the year ended           |                  | For the year ended           |  |
|----|----------------------------------|------------------------------|------------------|------------------------------|--|
|    |                                  | 31 <sup>st</sup> March, 2010 |                  | 31 <sup>st</sup> March, 2009 |  |
|    |                                  | Rupees                       |                  | Rupees                       |  |
|    | Consultation fees                | 3,80,050                     | 20,59,785        |                              |  |
|    | Travelling                       | 14,47,050                    | 28,09,231        |                              |  |
|    | <b>Total</b>                     | <b>18,27,100</b>             | <b>48,69,016</b> |                              |  |

| i) | Earnings in Foreign Exchange: | For the year ended             |     | For the year ended           |  |
|----|-------------------------------|--------------------------------|-----|------------------------------|--|
|    |                               | 31 <sup>st</sup> March, 2010   |     | 31 <sup>st</sup> March, 2009 |  |
|    |                               | F.O.B. Value of Goods exported |     | Nil                          |  |
|    |                               | Nil                            | Nil |                              |  |

xiv) During the year, the company has completed the Sale of Continuous process Plant- 9 MVA Furnace (2 nos), 2 MVA Furnace (1 nos) and related pollution control equipment (1 Nos) along with Shed and Accessories forming substantial part of the Ferro Alloy business of the company for a sum of Rs 660 lacs plus duties and taxes. These assets have not been in use for over past four years as it was found economically unviable and the company has been operating the Metal Recovery Plant. Hence the sale of these assets forming substantial part of the Ferro Alloys business has no affected continuing of the company as a going concern.

The resulting Profit on sale of these assets of Rs. 275.24 lacs after deducting the net book value thereof and reversal of impairment losses has been shown in Schedule 18 – Exceptional Items.

xv) Previous year figures have been regrouped / reclassified / rearranged wherever necessary to make them comparable with the current year's figures.

Signature to the Schedule 1 to 19 forms an integrated part of the accounts.

**For M. V. Ghelani & Co.**  
**Chartered Accountants**

**M. V. Ghelani**  
Proprietor

Mumbai : 28<sup>th</sup> May, 2010

**For and on behalf of the Board.**

**Gautam P. Khandelwal**  
Chairman

**M. S. Adige**  
Director

Mumbai : 28<sup>th</sup> May, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

|  | For The Year Ended On 31st March 2010 | For The Year Ended On 31st March 2009 |                        |
|--|---------------------------------------|---------------------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                             |                                       |                                       |                        |
| Net Profit (loss) before tax paid, prior period items & extra ord. Items | 76,466,149.99                         | 215,839,808.63                        |                        |
| <b>Adjustment for :</b>  |                                       |                                       |                        |
| Depreciation - Current Year  | 3,593,498.26                          | 8,294,799.83                          |                        |
| Interest Expenses  | 48,765.73                             | 87,871.98                             |                        |
| Profit on sale of Investments  | (8,202,337.23)                        | -                                     |                        |
| Dividend Received  | (321,938.00)                          | (85,407.00)                           |                        |
| Loss on sale of shares   | -                                     | 6,664.44                              |                        |
| Sundry Balances written back   | -                                     | (807,075.72)                          |                        |
| Balance written off  | -                                     | 1,767,624.35                          |                        |
| Interest Income  | (509,062.38)                          | (529,888.00)                          |                        |
|  | <u>(5,391,073.62)</u>                 | <u>8,734,589.88</u>                   |                        |
| <b>Operating profit before working capital change</b>                    | <b>71,075,076.37</b>                  | <b>224,574,398.51</b>                 |                        |
| <b>Adjustment for :</b>  |                                       |                                       |                        |
| Inventories  | 970,229.00                            | 2,019,337.24                          |                        |
| Trade Receivables  | 1,339,830.00                          | (1,339,830.00)                        |                        |
| Other Current Assets , Loans and Advances                                | 371,636.19                            | (2,843,466.25)                        |                        |
| Deferred Tax Liability   | (224,776.36)                          | 98,875.00                             |                        |
| Trade Payables, Other Liabilities and Provisions                         | (33,218,569.03)                       | 14,794,561.44                         |                        |
| <b>Net of Change in Working Capital</b>                                  | <b><u>(30,761,650.20)</u></b>         | <b><u>12,729,477.43</u></b>           |                        |
| <b>Cash generated from Operation</b>                                     | <b>40,313,426.17</b>                  | <b>237,303,875.94</b>                 |                        |
| Cash Flow before prior period adjustments & extraordinary items          | 40,313,426.17                         | 237,303,875.94                        |                        |
| Prior Period adjustment  | (113,040.00)                          | -                                     |                        |
| Income tax paid  | (54,949,634.00)                       | (50,272,731.00)                       |                        |
| <b>Net cash flow from Operating Activities</b>                           | <b>“A”</b>                            | <b>-14,749,247.83</b>                 | <b>187,031,144.94</b>  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                               |                                       |                                       |                        |
| Purchase of Fixed Assets   | (808,805.00)                          | (628,586.00)                          |                        |
| Fixed Assets Delivered under Agreement                                   | -                                     | 41,122,600.00                         |                        |
| Proceeds from sale of Fixed Assets                                       | 23,989,700.00                         | -                                     |                        |
| Investment in Mutual Fund / Shares ( Net )                               | (11,325,150.72)                       | (236,796,860.89)                      |                        |
| Profit on sale of Mutual Funds   | -                                     | -                                     |                        |
| Dividend Received  | 321,938.00                            | 85,407.00                             |                        |
| Loss on sale of shares   | -                                     | (6,664.44)                            |                        |
| Interest Income  | 509,062.38                            | 529,888.00                            |                        |
| <b>Net cash from Investing Activities</b>                                | <b>“B”</b>                            | <b>12,686,744.66</b>                  | <b>-195,694,216.33</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                                       |                                       |                        |
| Receipts of Secured Loan (Net)   | 1,812,515.16                          | (1,486,994.94)                        |                        |
| Interest expense   | (48,765.73)                           | (87,871.98)                           |                        |
| <b>Net Cash provided by / (used in) Financing Activities</b>             | <b>“C”</b>                            | <b>1,763,749.43</b>                   | <b>-1,574,866.92</b>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>                 | <b>-298,753.74</b>                    | <b>-10,237,938.31</b>                 |                        |
| <b>Cash and Cash Equivalent at the beginning of the period</b>           | <b>11,824,739.45</b>                  | <b>22,062,677.76</b>                  |                        |
| <b>Cash and Cash Equivalent at the end of the period</b>                 | <b>11,525,985.71</b>                  | <b>11,824,739.45</b>                  |                        |

For M.V.Ghelani & Co.  
Chartered Accountants

M.V.Ghelani  
Proprietor

Mumbai : 28th May, 2010

For and on behalf of the Board  
Gautam P.Khandelwal  
Chairman

M.S.Adige  
Director

Mumbai : 28th May 2010

## AUDITOR'S CERTIFICATE

To,  
The Board of Directors  
Nagpur Power and Industries Limited  
"Nirmal", 20 th Floor, Nariman Point, Mumbai 400 021.

We have examined the attached Cash Flow Statement of Nagpur Power & Industries Limited for the year ended 31st March. 2010. The statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreement with Stock Exchange and is based on and is derived from and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the company.

For M.V. Ghelani & Co.,  
Chartered Accountants

M.V. Ghelani  
Proprietor

Mumbai : 28th May, 2010



Balance Sheet Abstract and Company's General Business Profile

**I Registration Details**

|                    |   |   |   |   |   |   |
|--------------------|---|---|---|---|---|---|
| Registration No.   | 1 | 0 | 4 | 3 | 6 | 1 |
| State Code         |   |   |   |   | 1 | 1 |
| Balance Sheet Date | 3 | 1 | 0 | 3 | 1 | 0 |

**II Capital Raised during the year (Rs.in Thousands)**

|                   |   |   |   |
|-------------------|---|---|---|
| Public Issue      | N | I | L |
| Right Issue       | N | I | L |
| Bonus Issue       | N | I | L |
| Private Placement | N | I | L |

**III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)**

|                           |   |     |   |   |   |     |
|---------------------------|---|-----|---|---|---|-----|
| Source of Funds           | 5 | 7   | 7 | 9 | 7 | 9   |
| Total Liabilities         | 5 | 7   | 7 | 9 | 7 | 9   |
| Total Assets              | 5 | 7   | 7 | 9 | 7 | 9   |
| Paid up Capital           | 1 | 3   | 0 | 9 | 5 | 5   |
| Reserves & Surplus        | 4 | 4   | 4 | 1 | 4 | 7   |
| Secured Loans             |   |     | 2 | 8 | 7 | 6   |
| Unsecured Loans           |   |     |   | N | I | L   |
| Net Fixed Assets          | 2 | 2   | 6 | 3 | 3 | 9   |
| Investments               | 3 | 8   | 8 | 3 | 9 | 8   |
| Net Current Assets        |   | (3) | 6 | 7 | 5 | (9) |
| Miscellaneous Expenditure |   |     |   | N | I | L   |
| Accumulated Losses        |   |     |   | N | I | L   |

**IV Performance of Company (Amount in Rs.Thousands)**

|                          |   |   |   |   |   |   |
|--------------------------|---|---|---|---|---|---|
| Total Income             | 1 | 5 | 7 | 8 | 1 | 9 |
| Total Expenditure        |   | 8 | 1 | 3 | 5 | 3 |
| Profit Before Tax        | 1 | 0 | 3 | 7 | 2 | 1 |
| Profit After Tax         |   | 5 | 5 | 4 | 4 | 5 |
| Earning per Share in Rs. |   | 0 | 4 | - | 2 | 3 |
| Dividend rate %          |   |   |   | N | I | L |

**V Generic Names of three principal products/service of Company (As per monetary terms)**

|                         |   |   |   |   |   |   |  |   |   |   |   |   |   |  |
|-------------------------|---|---|---|---|---|---|--|---|---|---|---|---|---|--|
| Item Code No.(ITC Code) | 7 | 2 |   |   | 0 | 2 |  |   |   |   |   |   |   |  |
| Product Description     | F | E | R | R | O |   |  | A | L | L | O | Y | S |  |

**For M.V.Ghelani & Co.**  
Chartered Accountants

**For and on behalf of the Board**  
**Gautam P.Khandelwal**  
Chairman

**M.V.Ghelani**  
Proprietor

**M.S.Adige**  
Director

Mumbai : 28th May, 2010

Mumbai : 28th May 2010

**Statement pursuant to Section 212 of the Companies Act, 1956.**

| Name of the Subsidiary Company            | Financial year ending of the Subsidiary | Number of Shares held | Extent of holding | For Financial Year of the Subsidiary   |  |
|---|---|-----------------------|-------------------|--|--|
|   |   |                       |                   | Profit/(Losses) so far it concerns the members of the Holding Company and not dealt within the books of Account of the Holding Company (Except to the extent dealt with col.6) | Profit/(Losses) so far it concerns the members of the Holding Company and dealt within the books of Account of the Holding Company |
| (1)                                       | (2)                                     | (3)                   | (4)               | (5)  | (6)  |
| THE MOTWANE MANUFACTURING COMPANY PVT.LTD | 31/03/2010                              | 89233                 | 50.41%            | 1,508,632  | Nil  |

**For and on behalf of the Board**

**Gautam P.Khandelwal**  
Chairman

Mumbai : 28th May, 2010

TO THE BOARD OF DIRECTORS OF  
**NAGPUR POWER & INDUSTRIES LIMITED**

**REPORT OF THE AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the attached Consolidated Balance Sheet of Nagpur Power & Industries Limited ("the Company) and its subsidiary The Motwane Manufacturing Company Pvt. Ltd. (collectively referred to as "the Group"), as at 31st March, 2010 and also the Consolidated Profit and Loss account for the year ended on that date, annexed thereto. These financial statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the subsidiary company, namely, The Motwane Manufacturing Company Pvt. Ltd. whose financial statements reflect total assets of Rs. 993.04 lacs as at 31<sup>st</sup> March 2010 and total revenues of Rs. 1431.70 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other information have been audited by other auditor whose report has been furnished to us, and our opinion is based solely on the report of other auditor.

We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) -21 "Consolidated Financial Statements" and Accounting Standard (AS) 23 "Accounting for investments in Associates in the Consolidated Financial Statement", issued by the institute of Chartered Accountants of India.

Based on our audit as aforesaid, and on consideration of report of other auditors on the individual audited financial statements and on the other financial information of the components, and to the best of the information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2010;
- b) In the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Group for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date

For **M.V. GHELANI & CO**  
**CHARTERED ACCOUNTANTS**

**(M. V. GHELANI)**  
**PROPRIETOR**

Place : Mumbai

Dated : 28<sup>th</sup> May, 2010

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

|  | Schedule | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|--|----------|------------------------------------|------------------------------------|
| <b>SOURCES OF FUNDS</b>                            |          |                                    |                                    |
| <b>Shareholder's Funds</b>                         |          |                                    |                                    |
| Capital  | 1        | 130,955,070.00                     | 130,955,070.00                     |
| Reserves and Surplus                               | 2        | 465,346,758.58                     | 408,392,738.70                     |
|  |          | 31,443,162.60                      | 29,959,214.46                      |
| <b>MINORITY INTEREST</b>                           |          |                                    |                                    |
| <b>Loan Funds</b>                                  |          |                                    |                                    |
| Secured Loans                                      | 3        | 37,634,349.01                      | 43,194,193.85                      |
| Unsecured Loans                                    | 4        | 1,137,000.00                       | 1,662,000.00                       |
| Deferred Tax Liability                             |          | -                                  | 224,776.36                         |
| <b>TOTAL</b>                                       |          | <b>666,516,340.20</b>              | <b>614,387,993.37</b>              |
| <b>APPLICATION OF FUNDS</b>                        |          |                                    |                                    |
| <b>Fixed Assets</b>                                |          |                                    |                                    |
| Gross Block  | 5        | 385,484,574.85                     | 526,447,323.59                     |
| Less: Depreciation and Impairment                  |          | 74,036,069.42                      | 178,894,747.57                     |
|  |          | 311,448,505.43                     | 347,552,576.02                     |
| Less: Asset Delivered under Agreement              |          | -                                  | 41,122,600.00                      |
|  |          | 311,448,505.43                     | 306,429,976.02                     |
| Add : Capital Goods WIP                            |          | 129,438.00                         | -                                  |
| <b>Net Block</b>                                   |          | <b>311,577,943.43</b>              | <b>306,429,976.02</b>              |
| <b>Investments</b>                                 | 6        | 335,802,607.36                     | 333,095,727.41                     |
| <b>Current Assets, Loans and Advances</b>          |          |                                    |                                    |
| Inventories  | 7        | 28,565,857.21                      | 29,007,885.21                      |
| Sundry Debtors                                     | 8        | 38,133,845.00                      | 33,036,367.00                      |
| Cash & Bank Balances                               | 9        | 13,531,084.71                      | 14,261,833.45                      |
| Other Current Assets, Loans & Advances             | 10       | 140,575,637.55                     | 83,296,364.74                      |
|  |          | 220,806,424.47                     | 159,602,450.40                     |
| <b>Less : Current Liabilities &amp; Provisions</b> |          |                                    |                                    |
| Current Liabilities                                | 11       | 32,067,969.85                      | 60,637,693.46                      |
| Provisions   | 12       | 169,602,665.22                     | 124,102,467.00                     |
|  |          | 201,670,635.07                     | 184,740,160.46                     |
| <b>Net Current Assets</b>                          |          | <b>19,135,789.40</b>               | <b>(25,137,710.06)</b>             |
| <b>TOTAL</b>                                       |          | <b>666,516,340.20</b>              | <b>614,387,993.37</b>              |

Significant Accounting Policies and Notes to Accounts 20

The Schedules and Notes to account referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

As per our report of even date annexed

**For M.V.Ghelani & Co.**  
**Chartered Accountants**

**M.V.Ghelani**  
Proprietor

Mumbai : 28th May, 2010

**For and on behalf of the Board**  
**Gautam P.Khandelwal**  
Chairman

**M.S.Adige**  
Director

Mumbai : 28th May 2010

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

|   | Schedule   | For the Year ended<br>31st March 2010<br>Rupees | For the Year ended<br>31st March 2009<br>Rupees |
|---|------------|---|---|
| <b>INCOME</b>   |            |   |   |
| Sales ( including excise duty)  |            | 263,036,266.00                                  | 460,640,298.10                                  |
| Other Income  | 13         | 11,734,544.61                                   | 4,456,104.44                                    |
| Increase / ( Decrease ) in Stock                                      | 14         | 26,218,721.00                                   | 59,601,593.00                                   |
| Provision no longer required  | 15         | -   | 18,225.00                                       |
| <b>Total Income</b>   | <b>A</b>   | <b>300,989,531.61</b>                           | <b>524,716,220.54</b>                           |
| <b>EXPENDITURE</b>  |            |   |   |
| Materials Consumed  |            | 71,242,814.00                                   | 114,962,187.24                                  |
| Manufacturing Expenses  | 16         | 85,668,767.13                                   | 117,013,754.75                                  |
| Administrative, General and other Expenses                            | 17         | 43,367,877.50                                   | 47,330,376.13                                   |
| <b>Total Expenditure</b>  | <b>B</b>   | <b>200,279,458.63</b>                           | <b>279,306,318.12</b>                           |
| <b>PROFIT BEFORE INTEREST AND DEPRECIATION</b>                        | <b>A-B</b> | <b>100,710,072.98</b>                           | <b>245,409,902.42</b>                           |
| Interest  | 18         | 6,503,504.73                                    | 5,154,844.98                                    |
| Depreciation  |            | 14,276,708.26                                   | 17,067,089.83                                   |
| <b>PROFIT BEFORE TAXATION AND<br/>EXCEPTIONAL/ PRIOR PERIOD ITEMS</b> |            | <b>79,929,859.99</b>                            | <b>223,187,967.61</b>                           |
| Add : Exceptional items   | 19         | 27,367,501.67                                   | -   |
| Less : Prior period item  |            | 113,040.00                                      | -   |
| <b>PROFIT BEFORE TAXATION</b>   |            | <b>107,184,321.66</b>                           | <b>223,187,967.61</b>                           |
| <b>Payment &amp; Provision for taxation</b>                           |            |   |   |
| Current Tax   |            | 49,050,000.00                                   | 79,857,000.00                                   |
| Fringe Benefit Tax  |            | -   | 977,000.00                                      |
| Deferred Tax/(Defered tax liability no longer required)               |            | (224,776.36)                                    | 98,875.00                                       |
| Income Tax MAT/FBT Earlier Year                                       |            | (78,870.00)                                     | 93,190.00                                       |
| <b>PROFIT AFTER TAXATION</b>  |            | <b>58,437,968.02</b>                            | <b>143,138,902.61</b>                           |
| <b>Less: Share of Profit transferred to Minority</b>                  |            | -1,483,948.14                                   | (2,875,072.77)                                  |
| <b>Less: Share of Pre Acquisition Profit</b>                          |            | -   | (1,382,285.23)                                  |
| <b>Profit After Tax (After adjustment for Minority Interest)</b>      |            | <b>56,954,019.88</b>                            | <b>137,904,544.61</b>                           |
| <b>AMOUNT AVAILABLE FOR APPROPRIATION</b>                             |            | <b>56,954,019.88</b>                            | <b>137,904,544.61</b>                           |
| <b>Appropriation :</b>  |            |   |   |
| Transfer to General Reserve   |            | <b>56,954,019.88</b>                            | <b>137,904,544.61</b>                           |
| Earnings Per Share( Basic & Diluted )                                 |            | 4.35  | 10.53   |
| Significant Accounting Policies and Notes to Accounts                 | 20         |   |   |

The Schedules and Notes to account referred to above form an integral part of the Profit and Loss Account. This is the Profit & Loss Account referred to in our report of even date.

As per our report of even date annexed

**For M.V.Ghelani & Co.**  
**Chartered Accountants**

**M.V.Ghelani**  
Proprietor

Mumbai : 28th May, 2010

**For and on behalf of the Board**

**Gautam P.Khandelwal**  
Chairman

**M.S.Adige**  
Director

Mumbai : 28th May 2010

**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET**

|  | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|--|------------------------------------|------------------------------------|
| <b>SCHEDULE 1 - SHARE CAPITAL</b>                      |                                    |                                    |
| <b>AUTHORISED</b>                                      |                                    |                                    |
| 20,000,000 Equity Shares of Rs. 10 each                | 200,000,000.00                     | 200,000,000.00                     |
| 50,00,000 Unclassified Shares of Rs. 10 each           | 50,000,000.00                      | 50,000,000.00                      |
|  | <u>250,000,000.00</u>              | <u>250,000,000.00</u>              |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>                  |                                    |                                    |
| 1,30,95,507 Equity Shares of Rs.10 each fully paid up. | 130,955,070.00                     | 130,955,070.00                     |
| Total  | <u>130,955,070.00</u>              | <u>130,955,070.00</u>              |

**NOTE:**

Of the above shares 1,30,95,500 Equity Shares of Rs. 10 each are allotted as fully paid up for consideration other than cash pursuant to the Scheme of Arrangement sanctioned on 9th July, 1998 by the Honourable High Court of Judicature at Bombay.

**SCHEDULE 2 - RESERVES AND SURPLUS****General Reserve**

|   |                       |                       |
|---|-----------------------|-----------------------|
| Balance as per last Balance Sheet           | 390,242,756.79        | 252,338,212.18        |
| Add : Transfer from Profit and Loss Account | 56,954,019.88         | 137,904,544.61        |
|   | <u>447,196,776.67</u> | <u>390,242,756.79</u> |
| <b>Shares Premium Account</b>               | 18,149,981.92         | 18,149,981.92         |
| Total                                       | <u>465,346,758.58</u> | <u>408,392,738.71</u> |

**SCHEDULE 3 - SECURED LOANS****Overdraft Limit**

|   |              |            |
|---|--------------|------------|
| From State Bank Of India<br>(Secured by Term Deposit Receipt of the bank) | 2,614,140.01 | 705,389.85 |
|---|--------------|------------|

**Cash Credit Limit**

|  |               |               |
|--|---------------|---------------|
| From Dena Bank<br>(Secured by Hypothecation of Book Debts, Inventory against charge on all the assets and on Personal gurantee of Directors) | 29,792,104.00 | 35,153,179.00 |
|--|---------------|---------------|

**Term Loan**

|  |              |              |
|--|--------------|--------------|
| From Dena Bank (Secured against machinery) | 3,107,771.00 | 4,210,513.00 |
|--|--------------|--------------|

**Car loan**

|   |                      |                      |
|---|----------------------|----------------------|
| From Axis Bank  | 262,475.00           | 358,710.00           |
| From Kotak Mahindra Prime Ltd<br>(Secured by hypothecation of Vehicles) | 1,857,859.00         | 2,766,402.00         |
| Total   | <u>37,634,349.01</u> | <u>43,194,193.85</u> |

**SCHEDULE 4 - UNSECURED LOANS**

|                       |                     |                     |
|-----------------------|---------------------|---------------------|
| <b>From Directors</b> | 1,137,000.00        | 937,000.00          |
| <b>From Others</b>    | -                   | 725,000.00          |
|                       | <u>1,137,000.00</u> | <u>1,662,000.00</u> |

## CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET

As at  
31st March 2010  
Rupees

As at  
31st March 2009  
Rupees

## SCHEDULE 5 - FIXED ASSETS

| Fixed Assets                              | GROSS BLOCK              |               |                |                          | DEPRECIATION             |               |               |                |                          | IMPAIRMENT               |                          |                          | Net Block as on 31.10.2010 |
|---|--------------------------|---------------|----------------|--------------------------|--------------------------|---------------|---------------|----------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
|   | Opening as on 01.04.2009 | Additions     | Deductions     | Closing as on 31.03.2010 | Opening as on 01.04.2009 | for the year  | for Additions |                | Closing as on 31.10.2010 | Opening as on 01.04.2009 | Reversed during the year | Closing as on 31.10.2010 |                            |
| <b>TANGIBLE ASSETS</b>                    |                          |               |                |                          |                          |               |               |                |                          |                          |                          |                          |                            |
| Land (FreeHold)                           | 181,377,220.00           | -             | -              | 181,377,220.00           | -                        | -             | -             | -              | -                        | -                        | -                        | -                        | 181,377,220.00             |
| Buildings<br>See Note(d)                  | 47,782,630.34            | -             | 10,662,567.53  | 37,120,062.81            | 13,625,012.72            | 1,010,258.99  | -             | 3,654,159.31   | 10,981,112.41            | 776,709.33               | 776,709.33               | -                        | 26,138,950.40              |
| Plant & Machinery<br>See Note (e)         | 202,553,451.48           | 3,194,552.00  | 144,114,801.25 | 61,633,202.23            | 133,805,442.00           | 5,375,186.87  | 4,882.57      | 107,145,954.71 | 32,039,556.73            | 5,718,057.46             | 5,718,057.46             | -                        | 29,593,645.50              |
| Electrical<br>Installation                | 1,172,238.00             | 16,905.00     | -              | 1,189,143.00             | 510,065.00               | 93,670.00     | -             | -              | 603,735.00               | -                        | -                        | -                        | 585,408.00                 |
| Railway Siding                            | 5,377,765.94             | -             | -              | 5,377,765.94             | 2,504,230.77             | 255,443.88    | -             | -              | 2,759,674.65             | -                        | -                        | -                        | 2,618,091.29               |
| Furniture &<br>Equipment                  | 14,131,083.25            | 2,034,201.00  | -              | 16,165,284.25            | 6,792,102.18             | 1,394,111.56  | 51,621.48     | -              | 8,237,835.23             | 604,814.59               | -                        | 604,814.59               | 7,322,634.43               |
| Vehicles                                  | 14,213,623.23            | 45,438.00     | 2,172,509.96   | 12,086,551.27            | 6,259,340.95             | 1,471,082.31  | 3,500.59      | 1,272,409.04   | 6,461,514.81             | 568,096.59               | 568,096.59               | -                        | 5,625,036.46               |
| <b>INTANGIBLE ASSETS</b>                  |                          |               |                |                          |                          |               |               |                |                          |                          |                          |                          |                            |
| Goodwill on<br>consolidation              | 41,981,871.35            | -             | -              | 41,981,871.35            | -                        | -             | -             | -              | -                        | -                        | -                        | -                        | 41,981,871.35              |
| Softwares (SAP)                           | 1,277,695.00             | 208,482.00    | -              | 1,486,177.00             | 521,320.00               | 348,539.00    | -             | -              | 869,859.00               | -                        | -                        | -                        | 616,318.00                 |
| Technical<br>Know-how                     | 1,950,697.00             | 2,102,376.00  | -              | 4,053,073.00             | -                        | -             | -             | -              | -                        | -                        | -                        | -                        | 4,053,073.00               |
| Research &<br>Development                 | 14,629,048.00            | 8,385,176.00  | -              | 23,014,224.00            | 7,209,556.00             | 4,268,411.00  | -             | -              | 11,477,967.00            | -                        | -                        | -                        | 11,536,257.00              |
|   | 526,447,323.59           | 15,987,130.00 | 156,949,878.74 | 385,484,574.85           | 171,227,069.62           | 14,216,703.61 | 60,004.64     | 112,072,523.06 | 73,431,254.83            | 7,667,677.97             | 7,062,863.38             | 604,814.59               | 311,448,505.43             |
| Capital Goods WIP                         |                          |               |                |                          |                          |               |               |                |                          |                          |                          |                          | 129,438.00                 |
| Current year                              | 526,447,323.59           | 15,987,130.00 | 156,949,878.74 | 385,484,574.85           | 171,227,069.62           | 14,216,703.61 | 60,004.64     | 112,072,523.06 | 73,431,254.83            | 7,667,677.97             | 7,062,863.38             | 604,814.59               | 311,577,943.43             |
| Previous year                             | 458,580,988.24           | 69,025,633.35 | 1,159,298.00   | 526,447,323.59           | 154,363,545.77           | 17,019,047.19 | 48,043.64     | 203,566.00     | 171,227,070.60           | 7,667,677.97             | -                        | 7,667,677.97             | 347,552,576.02             |
| Less: Assets delivered<br>under agreement |                          |               |                |                          |                          |               |               |                |                          |                          |                          |                          | (41,122,600.00)            |
|   |                          |               |                |                          |                          |               |               |                |                          |                          |                          |                          | 306,429,976.02             |

## NOTE:

- Vehicles include certain vehicles Gross Block Rs. 19,38,454 which are transferred to the company pursuant to the scheme of Arrangement and yet in the process of registration in the company's name .
- During the year, the company has completed the Sale of Continuous process Plant- 9 MVA Furnace (2 nos), 2 MVA Furnace (1 nos) and related pollution control equipment (1 Nos) along with Shed and Accessories forming substantial part of the Ferro Alloy business of the company. Accordingly, the "assets delivered under agreement" during the previous year together with the "assets held for disposal" at the end of the previous year and delivered during the year are shown as deduction, and the impairment losses thereon reversed on completion of sale. The depreciation for the year includes depreciation on these assets up to the date of completion.
- On completion of sale of continuous process plant and the sale of vehicle the impairment losses thereon are reversed. Refer to schedule 19 Note No.3 (viii) on Impairment of Fixed Assets.
- The Depreciation for the year, has been provided on Gross Block net of Impairment losses and accumulated depreciation. Refer to Schedule 19 note 2 (b) on Fixed Assets and Depreciation.

## SCHEDULE 6 - INVESTMENTS

## a) Quoted

|                                     |            |            |
|-------------------------------------|------------|------------|
| In Fully Paid-up Equity Shares      |            |            |
| ABB Limited                         | 105,772.81 | 105,772.81 |
| [200 Equity Shares of Rs. 2 each]   |            |            |
| ACC Limited                         | 505,458.13 | 505,458.13 |
| [700 Equity Shares of Rs. 10 each]  |            |            |
| Axis Bank Ltd.                      | 537,199.03 | 537,199.03 |
| [1300 Equity Shares of Rs. 10 each] |            |            |
| Bharti Airtel Ltd.                  | 230,765.27 | 230,765.27 |
| [700 Equity Shares of Rs. 5 each]   |            |            |
| Crompton Greaves Ltd.               | 73,861.90  | 73,861.90  |
| [875 Equity Shares of Rs. 2 each]   |            |            |

## CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET

|  | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|--|------------------------------------|------------------------------------|
| Globus Sprit Ltd.<br>[25000 Equity Shares of Rs. 10 each]              | 2,500,000.00                       | -                                  |
| Grasim Industries Ltd.<br>[200 Equity Shares of Rs. 10 each]           | 206,121.14                         | 206,121.14                         |
| HDFC<br>[400 Equity Shares of Rs. 10 each]                             | 640,575.57                         | 640,575.57                         |
| HDFC Bank Ltd.<br>[300 Equity Shares of Rs. 10 each]                   | 280,151.52                         | 280,151.52                         |
| Hindalco Industries<br>[5500 Equity Shares of Re. 1 each]              | 266,199.51                         | 266,199.51                         |
| Indian Hotel Co. Ltd.<br>[18940 Equity Shares of Re. 1 each]           | 991,289.76                         | 991,289.76                         |
| ITC Limited<br>[1000 Equity Shares of Re. 1 each]                      | 188,730.00                         | 188,730.00                         |
| Josts Engg.<br>[ 50 Equity Shares of Rs. 10 each]                      | 14,703.64                          | 14,703.64                          |
| Kotak Mahindra Bank Ltd.<br>[1800 Equity Shares of Rs. 10 each]        | 697,928.38                         | 697,928.38                         |
| Larsen & Toubro Ltd.<br>[900 Equity Shares of Rs. 2 each]              | 800,294.66                         | 659,134.46                         |
| Mahindra & Mahindra Ltd.<br>[5600 Equity Shares of Rs. 5 each]         | 1,158,118.17                       | 1,158,118.17                       |
| Mahindra Financial Services Ltd.<br>[233 Equity Shares of Rs. 10 each] | 46,600.00                          | 46,600.00                          |
| Marico Limited<br>[3500 Equity Shares of Re. 1 each]                   | 193,447.00                         | 193,447.00                         |
| NTPC Limited<br>[1700 Equity Shares of Rs. 10 each]                    | 300,045.22                         | 300,045.22                         |
| Petronet LNG Ltd.<br>[7000 Equity Shares of Rs. 10 each]               | 281,512.16                         | 281,512.16                         |
| Pidilite Industries Ltd.<br>[4000 Equity Shares of Re. 1 each]         | 191,884.41                         | 191,884.41                         |
| Power Grid Corp. Ltd.<br>[4500 Equity Shares of Rs. 10 each]           | 351,076.36                         | 351,076.36                         |
| Reliance Communications Ltd.<br>[850 Equity Shares of Rs. 5 each]      | 307,542.59                         | 307,542.59                         |
| Reliance Ind. Ltd.<br>[1100 Equity Shares of Rs. 10 each]              | 748,474.60                         | 748,474.60                         |
| Satyam Computer<br>[7200 Equity Shares of Rs. 2 each]                  | 497,045.66                         | 202,988.91                         |
| State Bank of India<br>[1200 Equity Shares of Rs. 10 each]             | 1,461,534.16                       | 1,461,534.16                       |
| Tata Chemicals Ltd.<br>[1250 Equity Shares of Rs. 10 each]             | 212,238.06                         | 212,238.06                         |
| Tata Consultancy Service Ltd.<br>[2200 Equity Shares of Re. 1 each]    | 697,479.75                         | 697,479.75                         |
| Tata Motors Limited<br>[3300 Equity Shares of Rs. 10 each]             | 1,299,957.42                       | 1,299,957.42                       |

## CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET

|   | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|---|------------------------------------|------------------------------------|
| Tata Power Co. Ltd.<br>[ 200 Equity Shares of Rs. 10 each]  | 169,076.29                         | 169,076.29                         |
| Tata Steel Ltd.<br>[3750 Equity Shares of Rs. 10 each]  | 1,079,152.87                       | 1,079,152.87                       |
| Unitech<br>[4800 Equity Shares of Rs. 2 each]   | 327,045.03                         | 327,045.03                         |
| United Phosphorous Ltd.<br>[1000 Equity Shares of Rs. 2 each]   | 96,355.29                          | 96,355.29                          |
| <b>Sub Total (i) (a)</b>  | <u>17,457,636.36</u>               | <u>14,522,419.41</u>               |
| <b>(b) Unquoted</b>   |                                    |                                    |
| <b>In Mutual Funds</b>  |                                    |                                    |
| In units of Reliance Mutual Fund - Dividend Plan<br>[ Curent Year Nil (Previous Year : 5,00,000 )   | -                                  | 5,000,000.00                       |
| In units of HDFC Mutual Fund<br>(16,78,575 units of Cash Management<br>Fund- Treasury Adv.Plan)   | -                                  | 16,820,608.00                      |
| National Savings Certificates<br>(Lodged with Sales Tax Authorities)  | 2,700.00                           | 2,700.00                           |
| Shares of of JhulelaL Nagari Sahakari Patsantha<br>[6000 shares ( previous year: 6000) of Rs 25/- each ]  | 150,000.00                         | 150,000.00                         |
| <b>Sub Total (i) (b)</b>  | <u>152,700.00</u>                  | <u>21,973,308.00</u>               |
| <b>(ii) CURRENT</b>   |                                    |                                    |
| <b>Unquoted</b>   |                                    |                                    |
| <b>In Mutual Funds</b>  |                                    |                                    |
| In units of SBI Mutual Fund<br>Units of Magnum Institutional Income Fund Saving Growth<br>[2,05,87,358.09 Units (Previous Year : 2,30,15,394.56 Units,<br>27,82,337 Units redeemed during the year] | 265,692,271.00                     | 296,600,000.00                     |
| Units of SBI SHF Ultra Short Term Funds<br>[36,27,954 Units (Previous Year Nil) ]   | 42,500,000.00                      | -                                  |
| In units of HDFC Mutual Fund<br>Units of HDFC Cash Mgmt. Treasury Advantage-<br>Wholesale Plan Growth<br>[4,95,972 Units (Previous Year Nil) ]  | 10,000,000.00                      | -                                  |
| <b>Sub Total (ii)</b>   | <u>318,192,271.00</u>              | <u>296,600,000.00</u>              |
| <b>GRAND TOTAL</b>  | <u>335,802,607.36</u>              | <u>333,095,727.41</u>              |
| Aggregate Cost of Company's quoted Investments  | 17,457,636.36                      | 14,522,419.41                      |
| Aggregate market value of Company's quoted Investments  | 31,937,933.00                      | 12,131,940.00                      |
| Aggregate Cost of Company's unquoted Investments  | 318,344,971.00                     | 318,573,308.00                     |



## CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET

|  | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|--|------------------------------------|------------------------------------|
| <b>SCHEDULE 7 - INVENTORIES</b>  |                                    |                                    |
| (As Taken, Valued and Certified by Management)   |                                    |                                    |
| [Refer Schedule 19 - Note (2)(d) and 3(i)]   |                                    |                                    |
| Raw Materials  | 9,507,576.41                       | 11,432,872.41                      |
| Trading Goods  | 5,440,359.00                       | 6,702,851.00                       |
| Finished Goods   | 8,975,215.00                       | 6,538,387.00                       |
| By-Products / Waste Products/WIP   | 3,258,089.00                       | 1,876,196.00                       |
| Stores & Spares  | 1,384,618.80                       | 2,457,578.80                       |
| [Valued at Cost except the obsolete/non useable stores written off for obsolescence Rs. Nil (previous year :Rs. 4,32,098.87) and includes fuel oil]                      |                                    |                                    |
| <b>Total</b>   | <u>28,565,858.21</u>               | <u>29,007,885.21</u>               |
| <b>SCHEDULE 8 - SUNDRY DEBTORS</b>   |                                    |                                    |
| <b>Unsecured -</b>   |                                    |                                    |
| <b>Considered Good</b>   |                                    |                                    |
| Debts outstanding for a period exceeding six months  | 4,971,119.00                       | 2,862,952.00                       |
| Others   | <u>33,162,726.00</u>               | <u>30,173,415.00</u>               |
|  | <u>38,133,845.00</u>               | <u>33,036,367.00</u>               |
| <b>Total</b>   | <u>38,133,845.00</u>               | <u>33,036,367.00</u>               |
| <b>SCHEDULE 9 - CASH AND BANK BALANCES</b>   |                                    |                                    |
| Cash and Cheques on Hand   | 238,230.00                         | 350,531.45                         |
| Balances with Schedule Banks   |                                    |                                    |
| - In Current Accounts  | 8,010,914.71                       | 8,750,629.00                       |
| - In Fixed Deposits  | 5,218,015.00                       | 5,110,801.00                       |
| Interest Accrued on Bank Deposits  | <u>63,925.00</u>                   | <u>49,872.00</u>                   |
| <b>Total</b>   | <u>13,531,084.71</u>               | <u>14,261,833.45</u>               |
| <b>SCHEDULE 10 - OTHER CURRENT ASSETS, LOANS AND ADVANCES</b>  |                                    |                                    |
| <b>Unsecured, Considered good</b>  |                                    |                                    |
| Deposits   | 2,938,338.50                       | 3,205,691.50                       |
| Advance Income Tax   | 125,465,941.00                     | 70,109,107.00                      |
| Advance Sales Tax  | 200,000.00                         | -                                  |
| Advances to Suppliers of goods and services  | 6,386,960.87                       | 5,455,638.73                       |
| Advances recoverable in cash or in kind or for value to be received including :  | 5,584,397.18                       | 4,525,927.51                       |
| (Includes Rs.14,285 (previous year: Rs14,27,577) due from the directors of the company - Maximum amount due during the year Rs. 14,27,577 (Previous year :Rs 14,27,577)) |                                    |                                    |
| <b>Total</b>   | <u>140,575,637.55</u>              | <u>83,296,364.74</u>               |

### CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET

|  | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|--|------------------------------------|------------------------------------|
| <b>SCHEDULE 11 - LIABILITIES</b>   |                                    |                                    |
| <b>Sundry Creditors</b>  |                                    |                                    |
| (i) Dues to small scale industrial undertaking<br>[Refer Schedule 19 Note 3 (iii)] | -                                  | -                                  |
| (ii) Others  | 7,570,254.85                       | 8,339,133.46                       |
| Taxes Payable  | 145,451.00                         | 286,926.00                         |
| Security Deposits  | 266,435.00                         | 268,235.00                         |
| Advance from customers   | 10,033,250.00                      | 39,167,437.00                      |
| Others Liabilities   | 14,052,579.00                      | 12,575,962.00                      |
| <b>Total</b>   | <b><u>32,067,969.85</u></b>        | <b><u>60,637,693.46</u></b>        |
| <b>SCHEDULE 12 - PROVISIONS</b>  |                                    |                                    |
| Provision for Income / Fringe Benefit Tax  | 163,157,668.00                     | 114,826,588.00                     |
| Provision for Leave Salary and Bonus   | 5,451,976.00                       | 4,767,812.00                       |
| Other Provisions   | 993,021.22                         | 4,508,067.00                       |
| <b>Total</b>   | <b><u>169,602,665.22</u></b>       | <b><u>124,102,467.00</u></b>       |

### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

|   | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|---|------------------------------------|------------------------------------|
| <b>SCHEDULE 13 - OTHER INCOME</b>                       |                                    |                                    |
| Foreign Exchange Fluctuation                            | 9,975.00                           | 27,164.00                          |
| Interest (Gross)  | 651,661.38                         | 599,274.00                         |
| Dividend Received                                       | 707,196.00                         | 1,148,230.00                       |
| Profit on Sale of Current Investments                   | 4,101,695.00                       | 278.00                             |
| Profit on Sale of Long Term Investments (Mutual Fund)   | 2,441,724.00                       | -                                  |
| Profit on Sale of Long Term Investments (Equity Shares) | 1,668,342.23                       | -                                  |
| Rent Received   | 4,980.00                           | 4,500.00                           |
| Repair Charges  | 1,283,839.00                       | 1,490,575.00                       |
| Software consultancy/implementation charges             | 766,750.00                         | -                                  |
| Sundry balances written back                            | 24,179.00                          | 807,075.72                         |
| Miscellaneous Income                                    | 74,203.00                          | 379,007.84                         |
| <b>Total</b>  | <b><u>11,734,544.61</u></b>        | <b><u>4,456,104.56</u></b>         |

## CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET

|   | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|---|------------------------------------|------------------------------------|
| <b>SCHEDULE 14 - INCREASE / (DECREASE) IN STOCK</b>   |                                    |                                    |
| <b>A. Closing Stocks</b>  |                                    |                                    |
| Finished Goods  | 8,975,215.00                       | 6,538,387.00                       |
| By Products / Waste Products  | 744,669.00                         | 426,674.00                         |
| Work in Process   | 2,513,420.00                       | 1,449,522.00                       |
| <b>Sub Total ( A )</b>  | <u>12,233,304.00</u>               | <u>8,414,583.00</u>                |
| <b>B. Stocks Ascertained And<br/>And Accounted During The Year<br/>[Refer Schedule 19 - Note. 3 (i) ]</b> | 22,400,000.00                      | 56,760,000.00                      |
| <b>Sub Total ( B )</b>  | <u>22,400,000.00</u>               | <u>56,760,000.00</u>               |
| <b>C. Sub Total ( A+B )</b>   | <u>34,633,304.00</u>               | <u>65,174,583.00</u>               |
| <b>D. Opening Stocks</b>  |                                    |                                    |
| Finished Goods  | 6,538,387.00                       | 3,170,619.00                       |
| By Products / Waste Products  | 426,674.00                         | 138,118.00                         |
| Work in Process   | 1,449,522.00                       | 2,264,253.00                       |
| <b>Sub Total ( D )</b>  | <u>8,414,583.00</u>                | <u>5,572,990.00</u>                |
| <b>Increase / (Decrease) ( C - D )</b>  | <u><u>26,218,721.00</u></u>        | <u><u>59,601,593.00</u></u>        |
| <b>SCHEDULE 15 - PROVISION WRITTEN BACK AS NO LONGER REQUIRED</b>   |                                    |                                    |
| Provision written back as no longer required  | -                                  | 18,225.00                          |
|   | -                                  | 18,225.00                          |
| <b>SCHEDULE 16 - MANUFACTURING EXPENSES</b>   |                                    |                                    |
| Salaries, Wages & Bonus   | 41,255,085.13                      | 32,288,597.25                      |
| Contribution to Provident, ESIC,<br>Gratuity, Pension & Other Funds                                       | 3,644,916.00                       | 2,781,391.00                       |
| <b>Sub Total</b>  | <u>44,900,001.13</u>               | <u>35,069,988.25</u>               |
| Power and Fuel<br>( Includes Prior Period Charges of Rs.10,98,236)  | 3,191,866.00                       | 2,024,773.00                       |
| Light and Water   | 559,110.00                         | 529,615.00                         |
| <b>Repairs</b>  |                                    |                                    |
| Plant & Machinery   | 344,539.00                         | 754,875.00                         |
| Buildings   | 900,992.00                         | 6,320,303.00                       |
| others  | 3,421,207.00                       | 3,630,991.00                       |
| <b>Sub Total</b>  | <u>4,666,738.00</u>                | <u>10,706,169.00</u>               |
| Freight and Handling  | 9,082,536.00                       | 14,241,412.00                      |
| <b>Taxes</b>  |                                    |                                    |
| Sales Tax & other taxes   | 1,961,866.00                       | 2,848,446.00                       |
| Excise duty paid  | 18,352,862.00                      | 48,811,564.00                      |
| <b>Sub Total</b>  | <u>20,314,728.00</u>               | <u>51,660,010.00</u>               |
| <b>Rent, Rates Taxes &amp; Insurance</b>  |                                    |                                    |
| Rent Charges  | 2,470,209.00                       | 1,889,438.00                       |
| Insurance   | 483,579.00                         | 892,351.50                         |
| <b>Sub Total</b>  | <u>2,953,788.00</u>                | <u>2,781,789.50</u>                |
| <b>Total</b>  | <u><u>85,668,767.13</u></u>        | <u><u>117,013,754.75</u></u>       |

### CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET

|   | As at<br>31st March 2010<br>Rupees | As at<br>31st March 2009<br>Rupees |
|---|------------------------------------|------------------------------------|
| <b>SCHEDULE 17 - ADMINISTRATIVE, GENERAL AND OTHER EXPENSES</b> |                                    |                                    |
| Conveyance  | 1,581,003.00                       | 1,627,398.00                       |
| Travelling Expenses   | 8,327,031.84                       | 8,530,364.64                       |
| Directors Remuneration  |                                    |                                    |
| - Salaries & Commission   | 6,655,503.00                       | 11,244,237.00                      |
| Auditor's Remuneration  | 303,531.00                         | 276,236.00                         |
| Commission on Sales   | 2,672,112.00                       | 1,573,691.00                       |
| Postage Telegram & Telephone                                    | 2,559,710.39                       | 2,052,343.09                       |
| Printing & Stationery   | 804,020.75                         | 708,811.15                         |
| Legal & Consulancy Charges                                      | 3,747,104.00                       | 5,793,156.00                       |
| Security Expenses   | 1,055,846.00                       | 851,979.00                         |
| Service charges   | 621,448.00                         | 726,767.00                         |
| Bank charges  | 33,832.15                          | 63,474.48                          |
| Donation  | 2,003,101.00                       | 60,000.00                          |
| Advertisement & Publicity                                       | 2,082,039.00                       | 3,030,647.00                       |
| Upkeep of Heavy Vehicles  | 1,700,119.00                       | 1,545,146.00                       |
| Upkeep of Motor Car   | 1,783,607.23                       | 1,732,773.00                       |
| Raw Material written off  | -                                  | 601,150.48                         |
| Obsolete/Non usable Stores W/off                                | -                                  | 432,098.87                         |
| Advance written off   | 373,035.13                         | 734,375.00                         |
| Miscellaneous Expenditures                                      | 7,064,834.01                       | 5,745,728.42                       |
| <b>Total</b>  | <b><u>43,367,877.50</u></b>        | <b><u>47,330,376.13</u></b>        |
| <b>SCHEDULE 18 - ADMINISTRATIVE, GENERAL AND OTHER EXPENSES</b> |                                    |                                    |
| To Bank   | 6,340,355.73                       | 4,701,729.98                       |
| To Others   | 163,149.00                         | 453,115.00                         |
| <b>Total</b>  | <b><u>6,503,504.73</u></b>         | <b><u>5,154,844.98</u></b>         |
| <b>SCHEDULE 19 - EXCEPTIONAL ITEM</b>                           |                                    |                                    |
| Profit on sale of fixed assets                                  | 27,524,005.88                      | -                                  |
| Loss on sale of fixed assets                                    | (156,504.21)                       | -                                  |
| <b>Total</b>  | <b><u>27,367,501.67</u></b>        | -                                  |

**SCHEDULE 20****NOTES ON CONSOLIDATED BALANCESHEET AND PROFIT AND LOSS ACCOUNT****1. Basis of Consolidation:**

- (a) The Consolidated Financial Statements relate to Nagpur Power & Industries Ltd ('the Company') and its Subsidiary. The Company and its Subsidiary together constitute 'the Group'. The Consolidated Financial Statements have been prepared on the following basis.
- i) The financial statements of the company and its subsidiary company has been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra group balances, intra group transactions and unrealized profits or losses as per Accounting Standard 21 'Consolidated Financial Statements' as notified by the Companies Accounting Standards) Rules, 2006.
  - ii) The financial statements of Subsidiary used in the consolidation are drawn upto the same reporting date as that of the Company.
  - iii) The excess of cost to the Company, of its investments in the subsidiary over the company's portion of equity as at the date of making the investment is recognised in the financial statements as Goodwill.
  - iv) The amount of the reserves and surplus comprises the amount of the reserve as per the balance sheet of parent company and its share in post acquisition increase in reserve of the subsidiary.
  - v) Goodwill arising out of consolidation is not amortised. However, the same is tested for impairment at each Balance Sheet date.
  - vi) The Minority Interest in the net assets of subsidiary consists of :
    - the amount of equity attributable to the minorities at the dates on which Investment in Subsidiary is made and
    - the minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.
- (b) The Subsidiary company which is included in consolidation and the Parent Company's holdings therein is as under:

| Name of the Company                        | Percentage of Holding |
|--|-----------------------|
| The Motwane Manufacturing Company Pvt. Ltd | 50.41%                |

**2. Significant Accounting Policies**

- (a) Basis of Preparation of financial statements  
The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the accounting principles generally accepted in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

- (b) Fixed Assets and Depreciation:

**Holding Company :**

Fixed assets are stated at Cost less impairment losses, accumulated depreciation except freehold land, which is stated at cost. Consequent to the recognition of impairment loss depreciation for the year on assets impaired has been provided on the basis of revised balance useful life of those assets and on the straight-line method. The holding Company has the practice of providing Depreciation on Straight Line Method and at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on all other assets except office equipments, furnaces and pollution control equipment. The depreciation on furnaces and pollution control equipments has been provided on Written Down Value Method and at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and the office equipments are depreciated at 6.33% on Straight Line Method.

**Subsidiary Company :**

The subsidiary company provides depreciation as under :

- (i) Fixed Assets (Tangible) are stated at their original cost.  
(Net of Cenvat/Vat Credit wherever availed).
- (ii) Depreciation is provided on Tangible Assets and on Computer Software under Intangible Assets on WDV basis at rate prescribed in Schedule XIV to the Company's Act.
- (iii) Technical Know-How is amortised over a period of five years from the year of commercial production.
- (iv) Research & Development are amortised over a period of five years. Of total depreciation Rs. 1,42,76,708 depreciation Rs. 35,93,498 related to Holding company and Rs. 10,683,210 related to the subsidiary company.

(c) **Investment:**

Investments are classified into long term and current investments. Long Term investments are stated at cost. Current investments are stated at lower of cost or market values. When disposing of a part of the holding of an individual investment, the carrying amount of cost allocated to the part that is disposed is determined on the basis of the average carrying amount of the total holding of the investment

(d) **Inventories:**

Inventories of raw materials are stated at lower of cost or net realizable value. Work in process is stated at cost. Stores, spares & tools are stated at cost except the obsolete/non usable stores, which are written off for obsolescence. Finished goods and by-products/waste products are stated at lower of cost or net realisable value and by-products / waste products where cost cannot be determined are stated at net realisable value. The reusable waste, which is not ascertainable, is not accounted.

(e) **Sundry Debtors and Loans and Advances:**

Sundry Debtors and Loans and Advances are stated after making adequate provision for doubtful balances.

(f) **Revenue Recognition:**

Revenue is recognised when no significant uncertainty as to determination or realisation exists.

(g) **Retirement and other employee benefit:**

**Holding Company :**

The Company contributes towards Provident Fund & Family Pension Fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution as required under the statute/rules.

The Company contributes to defined benefit schemes for Gratuity. The liability for Gratuity and leave encashment is determined on the basis of actuarial valuations made at the year end.

**Subsidiary Company :**

The company has established an irrevocable trust to administer gratuity. The Trust has taken a policy under the Group Gratuity Cum Life Insurance Scheme from the LIC of India covering all the eligible employees. The company makes payment of annual premium and contribution to the Trust as demanded by LIC of India. The annual premium contribution is debited to P & L Account. It is informed that the annual premium contribution calculation is done by LIC after considering AS-15 guidelines.

Provident Fund/ESIC remittances to the Government are charged against revenue each year on accrual basis.

Leave Encashment was accounted for on Cash basis up to 31.3.2007. From the financial year 2007-08 the company has started accounting for the same on accrual basis which considers the sum that would have been payable to the eligible employees as on the last day of the financial year.

Provision for Bonus is made on accrual basis.

Of total provision Rs 54,51,976 provision Rs.6,36,133 related to Holding company and Rs. 48,15,843 related to the subsidiary company

(h) **Foreign Exchange Transactions:**

Transactions denominated in foreign currency are accounted at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Profit and Loss Account. Exchange differences relating to fixed assets are adjusted in the cost of the asset. Premium in respect of forward contracts is accounted over the period of the contract.

(i) **Taxation:**

**Holding Company :**

Income tax expense comprises of current tax, deferred tax charge or credit and fringe benefit tax. The deferred tax charge or credit is recognised using current tax rates. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation/liabilities.

**Subsidiary Company :**

Provision for Current Tax Liability, if any is computed on the basis of "Total Income / MAT" as returnable under the Income Tax Act, 1961.

The company has unabsorbed business loss and unabsorbed depreciation available for set-off against the future profits under the Income Tax Act, 1961. Considering this, deferred tax asset / liability at the year-end has not been recognized in these accounts.

Of total provision Rs 4,90,50,000, provision Rs.4,85,00,000 related to Holding company and Rs. 5,50,000 related to the subsidiary company.

**(i) Contingent Liability:**

Contingent liabilities are usually not provided for unless it is probable that the future outcome may be materially detrimental to the Company.

**3. Notes to Accounts:**

- (i) Company's Ferro Alloys unit generated waste during the process of manufacture, which has accumulated over the years in and around the main plant. The waste is reusable for extracting metal content therein. Company has set up a Metal Recovery Plant for the purpose. During the year, company has accounted for stock of unextracted metal contents valuing Rs. 22,400,000 (Previous Year Rs. 5,67,60,000 ) out of this accumulated waste based on the valuation report of the Consultant Metallurgist obtained during the year. The technical consultants have advised the Company that the balance of this accumulated waste in terms of its quality, metal content and realizable value cannot be yet reasonably ascertained. Company has therefore not been in a position to account for stock of this balance accumulated waste.

- (ii) Contingent Liabilities not provided for:

|   | As at 31-03-2010 | As at 31-03-2009 |
|---|------------------|------------------|
|   | Rupees           | Rupees           |
| Claims made against the Company not acknowledged as debts :   |                  |                  |
| (a) Sales Tax Demand not provided for pending outcome of appeal<br>( Documents related to claim of Rs. 51,500 are currently not available with the company) | 2,01,73,539      | 6,27,736         |
| (b) Excise Duty Demand not provided for pending outcome of appeal   | 26,57,798        | 26,57,798        |
| (c) Customs duty Demand not provided for pending outcome of appeal  | 58,18,808        | 58,18,808        |
| (d) Other Matters (Documents related to claim of Rs.1,51,943 are currently not available with the company)  | 1,00,94,193      | 1,32,18,798      |

- (iii) In Schedule 11 "Liabilities"

In the absence of information with the company, the names of small scale industrial undertakings to whom the company owes any sum together with interest outstanding for more than 30 days have not been given. The Auditors have relied upon this management representation.

- iv) The declaration filed under the Urban Land (Ceiling and Regulation) Act, 1976 in respect of the Company's holdings in excess of the ceiling prescribed under the Act and the application for exemption filed under Section 20 of the Act, to retain these lands are under consideration of the concerned authorities.
- v) The balance of Sundry Debtors, Deposits, Advances and Sundry Creditors are subject to confirmation.
- vi) In the opinion of the Board, current assets, loans and advances have value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.
- vii) In accordance with the Accounting Standard on "Impairment of Assets" AS-28, the Holding Company has recognised impairment losses as at 1<sup>st</sup> April, 2004 amounting to Rs.76,67,677/- on certain assets of the company at Nagpur by a corresponding adjustment to general reserve during the year ended 31<sup>st</sup> March, 2005 pursuant to the transitional provisions of the said Standard. On completion of sale of some of these impaired assets during the current year, the reversal of impairment losses thereon amounting to Rs.70,62,863 has been recognized and shown in schedule 18 – Exceptional Items of the financial statement of the holding company.

The Subsidiary Company has identified that there is no material impairment of fixed assets and as such no provision is required as per AS : 28 issued by ICAI.

viii) **Segment Reporting :**

- a) As per Accounting Standard -17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has reported segments information on consolidated basis including business conducted through its subsidiaries.
- b) The reportable segments are :  
 Manufacture of "High Carbon Ferro Manganese, High Carbon Silico Manganese, Medium Carbon Ferro Manganese and Low Carbon Ferro Manganese." and  
 Manufacture of "Electronics & Electrical Products, Energy Meters & others."

c) **Primary Segment Information :**

| Particulars   | For the year ended         |                            |
|---|----------------------------|----------------------------|
|   | 31 <sup>st</sup> Mar, 2010 | 31 <sup>st</sup> Mar, 2009 |
|   | Rs.                        | Rs.                        |
| <b>I Segment Revenue:</b>   |                            |                            |
| -High Carbon Ferro Manganese, Low MnO Ferro Manganese Slag & others | 12,60,29,802               | 32,90,43,177               |
| -Electronics & Electrical Products, Energy Meters & others          | 13,70,06,464               | 13,15,97,121               |
| Gross Revenue   | 26,30,36,266               | 46,06,40,298               |
| Less: Inter Segment Revenue   | -                          | -                          |
| Total Revenue   | <u>26,30,36,266</u>        | <u>46,06,40,298</u>        |
| <b>II Segment Results before Interest &amp; Tax :</b>               |                            |                            |
| Profit/(Loss) before Interest & Tax from each segment               |                            |                            |
| -High Carbon Ferro Manganese, Low MnO Ferro Manganese Slag & others | 7,65,14,916                | 21,59,27,681               |
| -Electronics & Electrical Products, Energy Meters & others          | 99,18,448                  | 1,24,15,132                |
| Total Profit before Interest & Tax                                  | 8,64,33,364                | 2,83,42,813                |
| Less: Interest  | 65,03,505                  | 51,54,845                  |
| Add : Exceptional items   | 2,73,67,502                | -                          |
| Less : Prior period item  | 1,13,040                   | -                          |
| Profit before Tax   | <u>10,71,84,321</u>        | <u>22,31,87,968</u>        |
| <b>III Other Information</b>  |                            |                            |
| Segment Assets  | 86,81,86,975               | 79,91,28,154               |
| Segment Liability   | 20,16,70,635               | 18,47,40,160               |
| Capital Expenditure   | 1,61,16,568                | 2,61,09,189                |
| Depreciation  | 1,42,76,708                | 1,70,67,090                |

ix) Related Party disclosures as required under Accounting Standard -18 issued by the Institute of Chartered Accountants of India and applicable to the holding company are given below:

(I) Name and Nature of Relationship of the Related Parties where Control Exists:

| Name of the Related Party                 | Nature of Relationship |
|---|------------------------|
| a) Magnachem Pharmaceuticals Private Ltd. | Associate Company      |
| b) Informed Technologies India Limited    | Associate Company      |
| c) Zeppelin Investments Private Ltd.      | Associate Company      |
| d) Khandelwal Remedies Private Ltd.       | Associate Company      |
| e) Meteor Metals & Ores Ltd.              | Associate Company      |
| f) Khandelwals Ltd.                       | Associate Company      |

(II) Name of the Related Parties having transaction with the Company during the year and the details of transactions carried out with them:



|    |  |                          |
|----|--|--------------------------|
| 1  | Enterprises owned or significantly influenced by any management personnel or their relatives |                          |
| a) | Informed Technologies India Limited Advance Received/Advance Repaid                          | Rs. 5,79,631/5,79,631    |
| 2  | Key Management Personnel   | Remuneration (in Rupees) |
| a) | Mr. Gautam P. Khandelwal   | Rs. 35,93,811            |
| b) | Mr. S. B. Kanbargi   | Rs. 7,68,798             |
| c) | Mr. S. M. Hede   | Rs. 16,36,920            |
| d) | Mrs. H. H. Motwane   | Rs. 7,70,045             |
| e) | Mr. P. H. Motwane  | Rs. 4,93,126             |
| f) | Mr A. S. Parundekar  | Rs. 17,98,521            |

**(III) Balances Outstanding as at 31st March, 2010**

|   | Maximum<br>outstanding Balance<br>(Rs.) | Receivables<br>(Rs.)  | Payables<br>(Rs.)       |
|---|---|-----------------------|-------------------------|
| <b>1 Related parties where control exists</b>   |   |                       |                         |
| a) Informed Technologies India Limited          | 92,483<br>(4,98,665)                    | NIL<br>(NIL)          | NIL<br>(NIL)            |
| <b>2 Key Management Personnel</b>               |   |                       |                         |
| a) Mr. Gautam Khandelwal                        | 14,285<br>(14,27,577)                   | 14,285<br>(14,27,577) | NIL<br>(NIL)            |
| b) Mrs. Hardevi H. Motwane                      | 11,12,000<br>(9,12,000)                 | NIL<br>(NIL)          | 11,12,000<br>(9,12,000) |
| <b>3 Relatives of Key Management Personnel*</b> |   | -----NIL-----         |                         |

*Figures in brackets are related to previous year*

\* The company does not have an exhaustive list of business or professions in which relatives of directors of the company have substantial interest. As such, payments made to any such persons, if any have not been identified. This management representation has been relied upon by the Auditors.

(IV) No amounts have been written off/provided for or written back during the year in respect of debts due from or to related parties.

x) Earnings Per Share:

|                                     |       |   |
|-------------------------------------|-------|---|
|                                     |       | For the year ended 31 <sup>st</sup> Mar, 2010 |
| Profit (Loss) for the year (Rs.)    | (A)   | 56,954,019                                    |
| Number of Equity Shares Outstanding | (B)   | 130,95,507                                    |
| Earnings per share of Rs 10 each    | (A/B) | 4.35  |

xi) The figures pertaining to Subsidiary have been reclassified wherever necessary to bring them in line with the Parent Company's Financial statement.

Signature to the Schedule 1 to 19 which form an integrated part of the accounts

**For M. V. Ghelani & Co.  
Chartered Accountants**

**For and on behalf of the Board.**

**M. V. Ghelani**  
Proprietor

**Gautam P. Khandelwal**  
Chairman

**M. S. Adige**  
Director

Mumbai : 28<sup>th</sup> May, 2010

Mumbai : 28<sup>th</sup> May, 2010

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS

FOR THE YEAR ENDED ON 31st MARCH 2010

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|  |            |                        |                       |
|--|------------|------------------------|-----------------------|
| Net Profit (loss) before tax paid, prior period items & extra ord. Items |            | 79,929,859.99          |                       |
|  |            | <u>79,929,859.99</u>   |                       |
| <b>Adjustment for :</b>  |            |                        |                       |
| Depreciation - Current Year  |            | 14,276,708.25          |                       |
| Loss on sale of Fixed Assets   |            | -                      |                       |
| Interest Expenses  |            | 6,503,504.73           |                       |
| Profit on sale of Investments  |            | (8,211,761.23)         |                       |
| Dividend Received  |            | (707,196.00)           |                       |
| Interest Income  |            | <u>(651,661.38)</u>    |                       |
|  |            | <u>11,209,594.37</u>   |                       |
| <b>Operating profit before working capital change</b>                    |            | <b>91,139,454.36</b>   |                       |
| <b>Adjustment for :</b>  |            |                        |                       |
| Inventories  |            | 442,028.00             |                       |
| Trade Receivables  |            | (5,097,478.00)         |                       |
| Other Current Assets , Loans and Advances                                |            | (1,572,638.81)         |                       |
| Deferred Tax Liability   |            | (224,776.36)           |                       |
| Trade Payables, Other Liabilities and Provisions                         |            | <u>(31,815,879.03)</u> |                       |
| <b>Net of Change in Working Capital</b>                                  |            | <b>(38,268,744.20)</b> |                       |
| <b>Cash generated from Operation</b>                                     |            | <b>52,870,710.16</b>   |                       |
| Cash Flow before prior period adjustments & extraordinary items          |            | 52,870,710.16          |                       |
| Prior Period adjustment  |            | (113,040.00)           |                       |
| Income tax paid  |            | <u>(55,706,634.00)</u> |                       |
| <b>Net cash flow from Operating Activities</b>                           | <b>"A"</b> |                        | <b>-2,948,963.84</b>  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                               |            |                        |                       |
| Purchase of Fixed Assets   |            | (16,116,567.96)        |                       |
| Proceeds from sale of Fixed Assets                                       |            | 24,059,393.97          |                       |
| Investment in Mutual Fund / Shares ( Net )                               |            | 5,504,881.28           |                       |
| Profit on sale of Mutual Funds   |            | -                      |                       |
| Dividend Received  |            | 707,196.00             |                       |
| Interest Income  |            | <u>651,661.38</u>      |                       |
| <b>Net cash from Investing Activities</b>                                | <b>"B"</b> |                        | <b>14,806,564.67</b>  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                               |            |                        |                       |
| Repayments of Secured Loan & Unsecured Loan (Net)                        |            | (6,084,844.84)         |                       |
| Interest expense   |            | <u>(6,503,504.73)</u>  |                       |
| <b>Net Cash provided by / (used in) Financing Activities</b>             | <b>"C"</b> |                        | <b>-12,588,349.57</b> |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>                 |            |                        | <b>-730,748.74</b>    |
| <b>Cash and Cash Equivalent at the beginning of the period</b>           |            |                        | <b>14,261,833.45</b>  |
| <b>Cash and Cash Equivalent at the end of the period</b>                 |            |                        | <b>13,531,084.71</b>  |

For M.V.Ghelani & Co.  
Chartered Accountants

For and on behalf of the Board  
Gautam P.Khandelwal  
Chairman

M.V.Ghelani  
Proprietor

M.S.Adige  
Director

Mumbai : 28th May, 2010

Mumbai : 28th May 2010

## AUDITORS CERTIFICATE

To,  
The Board of Directors  
Nagpur Power and Industries Limited  
"Nirmal", 20 th Floor, Nariman Point,  
Mumbai 400 021.

We have examined the attached Cash Flow Statement of Nagpur Power & Industries Limited for the year ended 31st March. 2010. The statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreement with Stock Exchange and is based on and is derived from and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the company.

For M. V. Ghelani & Co.,  
Chartered Accountants

M. V. Ghelani  
Proprietor  
Mumbai : 28th May, 2010

## DIRECTORS' REPORT

To,

**The Members of****The Motwane Mfg.Co.Pvt.Ltd.**

The Directors have pleasure in presenting herewith the 50<sup>th</sup> Annual Report together with the Audited Statement of Account for the year ended on 31<sup>st</sup> March, 2010.

**1. FINANCIAL RESULTS :**

The results of operations during the year ended March 31, 2010, were as follows:

| <b>PARTICULARS</b>                                     | <b>2009-2010(RS.)</b> | <b>2008-2009(RS.)</b> |
|--|-----------------------|-----------------------|
| Profit before Interest and Depreciation / Amortisation | 2,06,01,658           | 2,11,87,422           |
| Less : Interest  | 64,54,739             | 50,66,973             |
| Depreciation and R&D Amortization                      | 10,683,210            | 87,72,290             |
| Profit/Loss before Tax                                 | 34,63,709             | 73,48,159             |
| Provision for FBT, MAT and earlier years Taxes         | 4,71,130              | 15,50,190             |
| Profit/Loss after Tax                                  | 29,92,579             | 57,97,969             |
| Appropriations :                                       |                       |                       |
| Income Tax Final                                       | 0                     | 0                     |
| Transfer to General Reserve                            | 0                     | 0                     |
| Proposed Dividend                                      | 0                     | 0                     |
| Profit and Loss A/C. Balance Carried to Balance Sheet  | 29,92,579             | 57,97,969             |

**2. DIVIDEND:**

In view of the operating loss/accumulated losses, your Directors are not recommending any dividend.

**3. CURRENT OPERATION AND FUTURE OUTLOOK :**

During the period under review the turnover of the Company including Repairs was Rs.13,82,90,303/- and increased by Rs.52,02,607/- i.e. 3.91% during the year Profit before Interest and Depreciation / Amortisation decreased by Rs. 5.85 (L) and Profit decreased by Rs. 38.84 (L) after Interest and Depreciation / Amortisation and due to this profit comes to Rs.34.64 Lakhs after Interest and Depreciation. During the current year Profit appears Rs.34.64 Lakhs.

Your Directors wish to inform you that the Company has achieved Turnover of Rs. 95.37 Lakhs upto 30<sup>th</sup> April'10. This year order position is good and Company is going to achieve Sales Turnover of Rs. 1740.00 Lakhs. This is expected to pick up in second half year considering past trends. There are many major Tenders on the verge of finalization. The Company is also executing last years pending orders during current year.

**4. DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed :

i. That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures; ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the year under review ; iii. That the Directors have taken proper and sufficient care 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 for preventing and detecting fraud and other irregularities; iv. That the Directors have prepared the account for the financial year ended 31<sup>st</sup> March, 2010 on a 'going concern' basis.

**5. CAPITAL EXPENDITURE :**

Capital expenditure incurred during the year 2009-10 amounted to Rs. 1,53,07,763/- the details are as follows :

i) Plant and Machinery : Rs. 25,97,688/-, ii) Computer Department : Rs. 4,55,283/-, iii) Electrical Installation : Rs. 16,905/-, iv) Furniture and Fixtures : Rs. 12, 29,954/-, v) Office Equipment : Rs. 31,028/-, vi) R&D Equipment : Rs. 1,51,432/-, vii) Capital Goods WIP : Rs. 1,29,438/-, viii) Computer Software's : Rs. 2,08,482/-, ix) Technical Know How : Rs. 21,02,376/-, x) Research & Development : Rs. 83,85,176/-

**6. LOANS :**

Dena Bank's existing various Credit Facilities is Rs.737.51 ( Rupees Seven Crore Thirty Seven Lakhs Fifty One Thousand only) During the year it has to be renewed. The company has a balance of Rs. 2,97,92,104/- (Rupees Two Crore Ninety Seven Lakhs ninety two thousand one hundred four only) being Loan from Dena Bank in form of Cash Credit as on March 31, 2010 and Term loan balance is Rs.31,07,771/-.

**7. DEPOSITS :**

Your Directors given information under Clause 8 Part II of the Notification No. DNBC 2/ED (s) 66 of 29<sup>th</sup> October, 1966, of the Reserve Bank of India, Department of Non-banking Companies, that the company did not hold any deposit whatsoever within the meaning of the said notification as of March 31, 2010.

**8. INSURANCE :**

The Company's properties are adequately insured.

**9. PARTICULARS OF EMPLOYEES UNDER THE PROVISIONS OF SECTION 217 (2A) :**

In accordance to the provisions of section 217 (2A) of the companies Act, 1956, read with the companies (Particulars of Employees) Rules 1975 the names and particulars of the Employees who were in receipt of remuneration of not less than Rs. 24.00 Lakhs during the Financial Year under review or Rs. 2.00 Lakhs per month. There are no employee who were drawing salary of Rs. 2.00 Lakhs and above p.m. or Rs. 24.00 Lakhs and above per annum.

**10. A. CONSERVATION OF ENERGY :****(a.) Energy Conservation measures taken :**

Capacitors are installed to improve the electric power utilization factor Air Compressor usage controlled. Air conditioning usage controlled. (b.) Additional investment and proposals if any, being implemented for reduction of onsumption of energy. The measures listed above are part of continuing efforts of the company to conserve energy. (c.) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods. The measures taken by the company will reduce consumption of electricity. (d.) Total energy consumption and energy consumption per unit production as per prescribed form 'A' not given as the company is not covered under the list of specified industries.

**B. TECHNOLOGY ABSORPTION :****Research and Development :**

1. Specified areas in which R&D carried out by the company : Development and Introduction of new products :- (a.) Motor Winding Resistance Meter. (b.) Transformer Winding Resistance Meter. (c.) Automatic Capacitance & Tan Delta.
2. Benefits derived as a result of the above R & D : (a.) Addition of New Technology Platforms. (b.) Improving Reliability and Manufacturability of existing products.
3. Future Plan of Action : Development of : (a.) New Range of Digital Multimeter. (b.) New Range of Insulation Tester (c.) Transformer Turns Ratio Meter. (d.) Clamp on Meters e. Primary & Secondary Injection Test Sets.
4. Expenditure on R&D : Capital : Rs. 1,51,432/-, Recurring : Rs. 42,68,411/-, Total : Rs. 44,19,843/- Total R&D expenditure as a percentage 3.20% of sales turnover against last year 0.92%.

**Technology absorption, adoption and innovation:**

1. New Technology in Form of ASIC and Modern generation Micro-controllers was absorbed and implemented in new products. Also the modern method of SMT manufacturing will be employed.
2. The company has one of the best Research and Development Facilities in the Electronics Industry. This R&D is engaged in product development and improvement. The existing technology being used by the Company has been developed at the R&D through a process of assimilation, adoption and absorption of the latest technology.
3. Benefits derived as a result of the above efforts: (a) Reliability Improvement, (b) Mass Production capability.
4. Future Plan of Action: Development of: (a) New Range of Digital Multimeter, (b) New Range of Insulation Tester, (c) Transformer Turns Ratio Meter, (d) Clamp on Meters, (e) Primary & Secondary Injection Test Set

**11. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

a. Imports : 1. Raw Material, Trading Goods and Components CIF Value : Rs. 1,90,25,456/-, 2. Capital Equipment CIF Value : Rs. 6,11,026/-, 3. Overseas Traveling : Rs. 1,31,162/-, 4. Technical Know-How : Rs. 16,21,650/-, 5. Repairs : Rs. 86,100/-

b. Exports : Rs. 13,65,543/-

**12. AUDITORS :**

You are requested to appoint auditors for the Financial Year 2010-2011 and fix their remuneration. Mr. S.M.Daga, Chartered Accountant, who is retiring at the conclusion of the ensuring Annual General Meeting, being eligible offers himself for re-appointment.

**13. FUTURE OUTLOOK :**

Your Directors are confident of a bright future in the coming year with an increase in production and sales of existing products; Enhancement of sales network, increasing distribution channels, and addition of new product lines.

**14. ACKNOWLEDGEMENT :**

The Board wishes to place on record its appreciation of the valuable co-operation extended to the Company by the Employees of the Company, Government Departments, Bankers, Suppliers and Customers for the smooth operation of the Company.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : NASIK ROAD

DATE : 14/05/2010

CHAIRPERSON

**REPORT OF THE AUDITOR TO THE MEMBERS**

I have audited the attached Balance Sheet of THE MOTWANE MANUFACTURING COMPANY PRIVATE LIMITED., NASHIK ROAD, as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

1. As required by the Companies (Auditors Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, I enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to my comments in the annexure referred to in paragraph 1 above, I state that :
  - A. I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purpose of my audit.
  - B. In my opinion proper books of accounts as required by law have been kept by the company so far as appears from my examinations of the books.
  - C. The Balance-Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of accounts.
  - D. In my opinion the Profit and Loss Account and Balance Sheet referred to in this report subject to notes thereon comply with the Accounting Standards referred to in Sub-Section 3 (c) of Section 211 of the Companies Act, 1956.
3. On the basis of the information and explanations given to me and information obtained by the company, there are no directors of the company who, as at 31<sup>st</sup> March, 2010, are disqualified under Section 274(1)(g) of the Companies Act, 1956 from being appointed as directors.
4. In my opinion and to the best of my information and according to the explanations given to me, the said Balance Sheet and the Profit and Loss Account subject to notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true fair view in conformity with the accounting principles generally accepted in India :
  - (I) In the case of the Balance-Sheet of the state of affairs of the company as at 31<sup>st</sup> March 2010. AND
  - (II) In the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date.

S.M.DAGA.

CHARTERED ACCOUNTANT

MEMBERSHIP NO.8643

PLACE : NASHIK

DATE : 14/05/2010

**ANNEXURE : Referred to in paragraph 1 of my report of even date**

1.
  - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
  - b. As explained to me, all the assets have been physically verified by the management at the end of the year. According to the information and explanations given to me no discrepancies have been noticed on such physical verification as compared with the book records.
  - c. Fixed assets disposed-off during the year were not substantial to affect the going concern assumption.
2.
  - a. The inventory has been physically verified by the management during the year. In case of stock lying with third parties, certificates confirming the stock held have been received. In my opinion, the frequency of such verification is reasonable.
  - b. The procedures of physical verification of inventory followed by the management are, in my opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. The company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
3.
  - a. The company has granted unsecured interest free loan of Rs.35 Lacs (Outstanding as on 31.3.10 Rs.25 Lacs) during the year to a Director the other terms and conditions of which are prima facie not prejudicial to interest of the company. The receipt / repayment of the principal amount is regular.
  - b. The company has taken unsecured loans from Directors / Shareholders / Relatives as per details as below from the parties which are covered in the register maintained under section 301 of the Act.

| SN | Name of the Party                                    | Relationship            | Opening Balance (In Rs.) | Amount accepted (In Rs.) | Amount Repaid (In Rs.) | Year End Balance (In Rs.) |
|----|--|-------------------------|--------------------------|--------------------------|------------------------|---------------------------|
| 1  | Mrs. Hardevi Harnam Motwane                          | Chairperson             | 9,12,000/-               | 2,50,000/-               | 50,000/-               | 11,12,000/-               |
| 2  | Mrs. Hardevi Harnam Motwane<br>- Executor-HVM Estate | -                       | 25,000/-                 | -                        | -                      | 25,000/-                  |
| 3  | Deepika Harnam Motwane                               | Daughter of Chairperson | 7,25,000/-               |                          | 7,25,000/-             |                           |
|    |  |                         | <b>16,62,000/-</b>       | <b>2,50,000/-</b>        | <b>7,75,000/-</b>      | <b>11,37,000/-</b>        |

- c. The rate of interest and other terms and conditions of loans taken by the company are prima-facie not prejudicial to the interest of the company.
- d. Payment of principal and interest is also regular. Principal is repaid on demand.
4. In my opinion and according to the information and explanations given to me, there is adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and service. To the best of my knowledge, there is no major weaknesses observed in the internal control procedures.
5. a. Based on the information and explanation given to me, the transactions pertaining to contracts and arrangements that need to be entered in pursuance to Section 301 of the Companies Act, 1956, have been so entered.  
b. In respect of transactions made in pursuance of contracts or arrangements exceeding value of Rupees Five Lacs entered into during the financial year, as per information and explanations given the same have been made at prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public under the provisions of section 58A and section 58AA of the Act.
7. The Internal Audit System, in my opinion, is commensurate with the size of the company and the nature of its business.
8. I am informed that the Central Government has not prescribed maintenance of Cost Records under Section 209(1)(d) of the Company's Act. 1956, for any of the products manufactured by the company.
9. a. According to the information and explanations given to me and the books and records examined by me, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax / VAT, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. It is informed that there are no any such dues as at 31<sup>st</sup> March 2010 outstanding for a period exceeding six months from the date they became payable.  
b. According to information and explanations given to me there are no disputed amounts outstanding in respect of Sales Tax / VAT, Income Tax, Service Tax, Customs Duty, Excise Duty & Cess as at the last day of financial year.  
c. I am informed that Investor Education and Protection Fund and Wealth Tax are not applicable to the Company.
10. The accumulated losses of the company at the end of the financial year were not in excess of 50% of the company's net worth. The company has not incurred cash loss in the current financial year and in the immediately preceding financial year.
11. Based on my audit procedures and the information and explanations given by the management, I am of the opinion that the company has not defaulted in repayment of dues to financial institution/bank during the year.
12. According to the information and explanations given to me, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund / nidhi / mutual benefit fund / society.
14. The company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanation provided to me the company has not given any guarantees for others.
16. The company has not taken any fresh term loan during the year.
17. According to information and explanations given to me and on an overall examination of the Balance-Sheet of the company, I report that funds raised on short term basis to the extent of Rs. 35.74 Lacs have been used for long term investments.
18. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
19. The company has not raised money by way of issue of debentures. Accordingly, no security or charge has been created.
20. The company has not raised any money by way of public issues during the year.
21. According to the information and explanations provided to me, no fraud on or by the company has been noticed or reported during the year.

**PLACE : NASHIK  
DATE : 14/05/2010**

**S.M.DAGA.  
CHARTERED ACCOUNTANT  
MEMBERSHIP NO.8643**

## BALANCE SHEET AS AT 31ST MARCH 2010

|  | S<br>C | 31st March 2010<br>(Rs.) | 31st March 2009<br>(Rs.) |
|--|--------|--------------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>                            |        |                          |                          |
| <b>SHAREHOLDER'S FUNDS</b>                         |        |                          |                          |
| Share Capital                                      | A      | 17,700,600               | 17,700,600               |
| Reserves and Surplus                               | B      | 45,708,746               | 42,716,167               |
| <b>Loan Funds</b>                                  |        |                          |                          |
| Secured Loans                                      | C      | 34,757,734               | 42,130,094               |
| Unsecured Loans                                    |        | 1,137,000                | 1,662,000                |
| <b>TOTAL</b>                                       |        | <b>99,304,080</b>        | <b>104,208,860</b>       |
| <b>APPLICATION OF FUNDS</b>                        |        |                          |                          |
| <b>Fixed Assets</b>                                |        |                          |                          |
| Gross Block  | D      | 85,356,603               | 70,212,957               |
| Less : Depreciation / Amortisation                 |        | 42,099,659               | 31,510,872               |
| <b>Net Block</b>                                   |        | <b>43,256,944</b>        | <b>38,702,085</b>        |
| <b>Investments</b>                                 | E      | 152,700                  | 16,973,308               |
| <b>Current Assets, Loans and Advances</b>          |        |                          |                          |
| Inventories  |        | 26,104,616               | 25,576,415               |
| Sundry Debtors                                     |        | 38,133,845               | 31,696,537               |
| Cash & Bank Balances                               |        | 1,941,174                | 2,387,222                |
| Other Current Assets                               |        | 63,925                   | 49,872                   |
| Loans, Advances & Deposits                         |        | 8,249,908                | 5,548,633                |
|  |        | 74,493,468               | 65,258,679               |
| <b>Less : Current Liabilities &amp; Provisions</b> | G      | 18,599,032               | 16,725,212               |
| <b>Net Current Assets</b>                          |        | <b>55,894,436</b>        | <b>48,533,467</b>        |
| <b>TOTAL</b>                                       |        | <b>99,304,080</b>        | <b>104,208,860</b>       |
|  |        | 0.00                     | (0.00)                   |

For and on behalf of the Board

MRS. H. H. MOTWANE

Chairperson And  
Managing Director

MR. A.S. PARUNDEKAR

Executive Director

As Per My Report Of Even Date Attached.

S.M.DAGA

Chartered Accountant  
MEMBERSHIP NO.8643

PLACE : NASHIK

DATE : 14/05/2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

|  | S<br>C | 31st March 2010<br>(Rs.) | 31st March 2009<br>(Rs.) |
|--|--------|--------------------------|--------------------------|
| <b>INCOME</b>                              |        |                          |                          |
| Gross Sales                                |        | 137,006,464              | 131,597,121              |
| Other Income                               | H      | 2,636,643                | 2,638,029                |
| Increase/(Decrease) in FG/WIP              | I      | 3,527,413                | 3,031,378                |
|  |        | 143,170,521              | 137,266,528              |
| <b>EXPENDITURE</b>                         |        |                          |                          |
| Consumption of Materials & Trading Goods   |        | 48,649,904               | 56,213,36                |
| Manufacturing & Other Exps.                | J      | 73,918,958               | 59,865,970               |
| Interest & Bank Charges                    | K      | 6,454,739                | 5,066,973                |
| Depreciation / Amortisation                | D      | 10,683,210               | 8,772,290                |
|  |        | 139,706,812              | 129,918,369              |
| <b>OPERATING PROFIT</b>                    |        | 3,463,709                | 7,348,159                |
| <b>PROFIT BEFORE TAXATION</b>              |        | 3,463,709                | 7,348,159                |
| Less : Provision for Taxation              |        |                          |                          |
| A. Fringe Benefit Tax-Current Year         |        | -                        | 700,000                  |
| B. Income Tax (MAT)-Current Year           |        | 550,000                  | 757,000                  |
| C. Income Tax MAT/ F.B.T Earlier Year      |        | (78,870)                 | 93,190                   |
| <b>PROFIT AFTER TAXATION</b>               |        | 2,992,579                | 5,797,969                |
| <b>Loss brought forward from last year</b> |        | (3,620,985)              | (9,418,954)              |
| <b>Loss carried forward to next year</b>   |        | (628,406)                | (3,620,985)              |
| <b>BALANCE CARRIED TO BAL.-SHEET</b>       |        | (628,406)                | (3,620,985)              |
| <b>Earning Per Share</b>                   |        | 16.91                    | 32.76                    |
|  |        | 0                        | 0                        |

For and on behalf of the Board

**MRS. H. H. MOTWANE**Chairperson And  
Managing Director**MR. A.S. PARUNDEKAR**

Executive Director

As Per My Report Of Even Date Attached.

**S.M.DAGA**Chartered Accountant  
**MEMBERSHIP NO.8643****PLACE : NASHIK****DATE : 14/05/2010**







# NAGPUR POWER & INDUSTRIES LIMITED

Registered Office : 'Nirmal', 20<sup>th</sup> Floor, Nariman Point, Mumbai – 400021

## ATTENDANCE SLIP

(PLEASE PRESENT THIS SLIP AT THE ENTRANCE)

Regd. Folio No.: \_\_\_\_\_ \*DP ID : \_\_\_\_\_

No. of Shares Held: \_\_\_\_\_ \*Client ID : \_\_\_\_\_

NAME & ADDRESS OF THE MEMBER / PROXY \_\_\_\_\_

I hereby record my presence at the Fourteenth Annual General Meeting of the Company to be held at the Sunflower II, MVIRDC, World Trade Centre, Centre One, 30<sup>th</sup> Floor, Cuffe Parade, Mumbai-400005, on Friday, September 17, 2010 at 10.00 A.M. (I.S.T)

.....  
(Signature of the Member/ Proxy)

(To be signed at the time of handing over this slip at the Hall and not in advance)

# NAGPUR POWER & INDUSTRIES LIMITED

Registered Office : 'Nirmal', 20<sup>th</sup> Floor, Nariman Point, Mumbai – 400 021

## PROXY FORM

Regd. Folio No.: \_\_\_\_\_ \*DP ID : \_\_\_\_\_

No. of Shares Held: \_\_\_\_\_ \*Client ID : \_\_\_\_\_

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

being a Member/Members of Nagpur Power and Industries Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her

\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us

and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Sunflower II, MVIRDC, World Trade Centre, Centre One, 30<sup>th</sup> Floor, Cuffe Parade, Mumbai-400005, on Friday, September 17, 2010 at 10.00 A.M. (I.S.T) and at any adjournment thereof.

As Witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Affix  
Re. 1/-  
Revenue  
Stamp

Signed by the said

### NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A proxy need not be a member.
3. This form in order to be effective must be duly stamped, completed and signed must be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting.

\* Applicable for investors holding shares in Electric (Demat) Form.

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