



KELTECH ENERGIES LIMITED

33rd Annual Report & Accounts

2009 – 2010

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BOARD OF DIRECTORS

ASHOK V. CHOWGULE - Chairman
VIJAY V. CHOWGULE
HEMRAJ C. ASHER
HARISH JAGTIANI
UMAJI V. CHOWGULE
S. L. CHOWGULE - Managing Director

EXECUTIVES

V. N. PANGAL – Director (Operations)
V. V. JOSHI - Sr. General Manager (F&S)

AUDITORS

HARIBHAKTI & CO.
CHARTERED ACCOUNTANTS
MUMBAI.

LEGAL ADVISERS

CRAWFORD BAYLEY & CO.
ADVOCATES, SOLICITORS & NOTARIES
MUMBAI

REGISTERED OFFICE

'CRESCENT TOWERS', 6TH FLOOR,
NO.32/1-2, CRESCENT ROAD,
BANGALORE-560001.

BANKERS

CANARA BANK

SHARE TRANSFER AGENTS

CANBANK COMPUTER SERVICES LTD.,
J.P. ROYALE, 1ST FLOOR, # 218, 2ND MAIN
SAMPIGE ROAD, MALLESHWARAM,
BANGALORE - 560 003

WORKS

VISHWASNAGAR 574 108
KARKALA TALUK
UDUPI DISTRICT
KARNATAKA STATE

PLOT - S-3 & S-4
UDYOG DEEP INDUSTRIAL AREA
WAIHDHAN-486 886
DISTRICT SINGRAULI, M.P.

KHASARA 381, 382 & 383
JAMUDI GRAM - 484 224
DIST. ANUPPUR, M.P.

PLOT NO. B-24/2 & B-25/1
M.I.D.C. INDUSTRIAL AREA
CHANDRAPUR - 442 406
MAHARASHTRA STATE

VILLAGE GARAMSUR
P.O. DUDHALA - 441 103.
KATOL TEHSIL
NAGPUR DISTRICT
MAHARASHTRA STATE

NO.1-1-20, SUB STATION ROAD, T.D.P.
CENTER, BHANDARIGUDEM
MANUGURU-507 117,
DISTRICT KHAMMAM, ANDHRA PRADESH

NO.363, MUSTYALA VILLAGE,
P.O.GODAVARIKHANI – 505209,
DISTRICT KARIMNAGAR, ANDHRA PRADESH

HARDI MURLI ROAD,
HARDI BAZAAR - 495 446,
DISTRICT KORBA,
CHATTISHGARH

AKASHNAGAR, DEPOSIT 05 & 10,
BACHELI (BAILADILA) – 494 553,
DISTRICT DANTEWADA, CHATTISHGARH

KELTECH ENERGIES LIMITED

NOTICE

Notice is hereby given that the Thirtythird Annual General Meeting of Keltech Energies Limited will be held on Friday, the 23rd July, 2010 at 3.30 PM, at Gardenside Hall, The Gateway Hotel, No.66, Residency Road, Bangalore - 560 025 to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors there on.
2. To declare a Dividend for the year ended 31st March, 2010.
3. To appoint a Director in place of Shri Harish Jagtiani, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri H.C.Asher, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration

By Order of the Board of Directors of
KELTECH ENERGIES LIMITED

SANTOSH L. CHOWGULE
Managing Director

Registered Office:

'Crescent Towers', VI Floor,
No. 32/1-2, Crescent Road,
BANGALORE - 560001.

Place : Mumbai.

Dated : 25th May, 2010

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on poll only instead of himself/herself/themselves and such proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Register of Members and Share Transfer Books of the Company will remain closed from 17th July, 2010 to 23rd July, 2010 (both days inclusive).
4. Those Members who have so far not encashed their Dividend Warrants for the financial years 2002-03, 2003-04, 2004-05, 2005-06 and 2008-09 may immediately approach the Company with their Warrants for revalidation.
5. **MEMBERS ARE REQUESTED TO:**
 - i. Notify any change in their registered address at an early date.
 - ii. Quote folio numbers in all their correspondence; and,
 - iii. Bring the copy of their Annual Report and the attendance slip at the Annual General Meeting.

By Order of the Board of Directors of
KELTECH ENERGIES LIMITED

Place : Mumbai.
Dated : 25th May, 2010

SANTOSH L. CHOWGULE
Managing Director

KELTECH ENERGIES LIMITED

DIRECTORS' REPORT FOR THE YEAR 2009-10

To the Members,

Your Directors have pleasure in presenting the Thirtythird Annual Report and the Audited Accounts for the year ended 31st March, 2010.

I. FINANCIAL RESULTS :

(Rs. in lacs)

	2009-10	2008-09
Operating Profit	1042.65	932.56
Less:		
1) Interest	51.12	77.36
2) Depreciation	86.36	76.02
Profit for the year before taxation	905.17	779.18
Less : Provision for taxation - Current Tax	312.00	269.21
- Fringe Benefit Tax	-	19.40
- Deferred Tax	3.15	10.21
Profit after Tax	590.02	480.36
Adjustments for earlier years	-	(1.90)
Profit for the year available for appropriation	590.02	482.26
Appropriation :		
Dividend	25.00	25.00
Tax on Dividend	4.15	4.25
Transfer to General Reserve	500.00	260.00
Balance of Profit / (Loss) brought forward	385.93	192.92
Balance of Profit / (Loss) c/o to Balance Sheet	446.80	385.93

The Directors have recommended a Dividend of Rs.2.50 per share on the paid-up Equity Capital of the Company.

2. OPERATIONS

(A) EXPLOSIVES DIVISION

The sale of Explosives for the year under review was 43,147.99 MT valued at Rs.11,123.06 lakhs as against 40,476.48 MT valued at Rs. 10,109.32 lakhs of the previous year registering a growth of 6.6% in tonnage and 10.03% in value.

During the year under review, the performance of the explosives division of the Company improved since increase in input costs was compensated by commensurate increase in selling price

(B) PERLITE DIVISION

The sale of Perlite and Perlite based products for the year under review were 4,262.04 MT valued at Rs.612.71 lakhs as against 3,685.63 MT valued at Rs.466.80 lakhs of the previous year registering a growth of 15.64% in tonnage and 31.26% in value.

(C) The operations for the year 2009-10 have resulted in a net profit of Rs.590.02 lacs after charging depreciation, interest and tax as against Rs. 482.26 lakhs of the previous year.

During the current year 2010-11, there are indications of rise in input costs; the selling price to Coal India Limited, who is the major consumer of Explosives, is also un-remunerative; thereby putting strain on the operations. Meanwhile, your Company is putting efforts in catering to other sectors of business so that the net effect of sales to Coal India Ltd. is minimized.

As a concerted step to enhance safety in operation as also concern for the Environment, your Company has taken steps for certification under Environmental Management System and Occupational Safety and Health Administration Standards.

3. DIRECTORS

S / Shri Harish Jagtiani and H.C.Asher retire by rotation and being eligible, offer themselves for re-appointment.

4. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and on the basis of information and explanations made available to them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956:

That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

That the Directors have selected such accounting policies and applied them consistently and made judgements 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 2009-10 and of the profit of the Company for that period;

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.

That the Directors have prepared the annual accounts on a going concern basis.

5. AUDITORS

M/s. Haribhakti & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

6. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

Necessary information pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

7. PARTICULARS OF EMPLOYEES

Information on Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 is annexed to this Report.

8. COMPLIANCE CERTIFICATE

As required under the proviso to Sub Clause (1) to Section 383A of the Companies Act, 1956, Compliance Certificate for the year ended 31st March, 2010 obtained from a Practising Company Secretary is attached.

9. CASH FLOW

Members are requested to refer to the Annexure-A to this Report wherein Cash Flow Statement for the year ended 31st March, 2010 is furnished in terms of the provisions of the Listing Agreement with the Stock Exchanges.

10. ACKNOWLEDGEMENTS.

Your Directors place on record their thanks to the Canara Bank for their unstinted co-operation and timely assistance. The Directors acknowledge the support and co-operation extended by valued customers of the Company. Your Directors also place on record their appreciation for the dedicated services rendered by the employees at all levels during the year under review.

For and on Behalf of the Board

Place : Mumbai
Dated : 25th May, 2010

ASHOK V. CHOWGULE
Chairman

Annexure to Directors' Report

DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS

I. CONSERVATION OF ENERGY (FORM 'A')

This is not applicable to Explosives Industry.

II. ABSORPTION OF RESEARCH AND DEVELOPMENT (FORM 'B')

A) Specific areas in which R&D is carried out by the Company :

- (i) Cost reduction.
- (ii) Product and Technology Development for Explosives.
- (iii) Technical Services to monitor use of Explosives by Customers.
- (iv) Development of value added Explosive products.
- (v) Development of improved and more efficient equipment.
- (vi) Refinements and Developments in Packaging.
- (vii) Product Development in relation to application of Explosives and Perlite.

B) Benefits derived as a result of the above R & D :

- (i) Introduction of products for difficult blasting conditions.
- (ii) Setting up of production facilities with indigenous Plant Equipment for Bulk and Packaged Explosives.
- (iii) Higher efficiency in use of Explosives to Customers.
- (iv) Higher efficiency in manufacturing process.
- (v) Reduction in cost of production.
- (vi) Entry into Export market.
- (vii) New applications of our Explosives.
- (viii) Application of perlite concrete for cryogenic tanks.
- (ix) Development of Air Decking system for blasting in boreholes.
- (x) Export of Perlite Concrete Insulation Blocks.
- (xi) Overseas Contracts deploying Mobile Perlite Expanders

C) Future Plan of Action :

- (i) Continue development work on Explosives.
- (ii) Evaluate other systems for SMS .
- (iii) Develop site applications using perlite.
- (iv) Explore new products for diversification.

D) Expenditure on R & D:

- (i) Capital - Nil.
- (ii) Recurring - Rs. 12.73 lakhs
- (iii) Total - Rs. 12.73 lakhs.
- (iv) Total R & D expenditure
as a % to total turnover - 0.11%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation: Strict Monitoring of emulsion explosives and making necessary improvements to meet the field requirements.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Emulsion products with fully indigenous equipments have been produced and supplied. These products have been well accepted by customers for use in difficult strata conditions.

Safety standards have been maintained, both during manufacture and usage, based on periodic feed back.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished.

- | | | |
|--|---|-----------------|
| <ol style="list-style-type: none"> (i) Technology imported (ii) Year of import (iii) Has the technology been fully absorbed? (iv) If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action: | } | Not applicable. |
|--|---|-----------------|

III. FOREIGN EXCHANGE EARNING AND OUTGO

- (I) Activities relating to exports, etc. : The Company has exported finished products worth Rs.31.18 lakhs (C&F), during the year.
- (II) Total Foreign exchange used and earned : The Company has used Foreign Exchange amounting to Rs.32.46 lakhs and earned Rs.31.18 lakhs, during the year.

IV. Information pursuant to Section 217 (2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010

Sl. No	Name & Age of the employee	Qualification	Experience (Years)	Date of commencement of Employment	Designation/ Nature of Duties	Remuneration received (Rs. In lacs)	Last Employment held.
I	Santosh L.Chowgule 52 Years	B.A.	26 Years	10.08.1985	Managing Director	37.83	-

For and on Behalf of the Board

Place : Mumbai
Dated : 25th May, 2010

ASHOK V. CHOWGULE
Chairman

Compliance Certificate

Under Proviso To Sub Section (1) of Section 383A Of the Companies Act, 1956 read with The Companies (Compliance Certificate) Rules, 2001

Name of the Company : M/s. KELTECH ENERGIES LIMITED
CIN : L30007KA2003PTC031660
Nominal Capital : Rs. 200 Lakhs.

To,

The Members of M/s. KELTECH ENERGIES LIMITED

I have examined the registers, records, books and papers of the Company as required to be maintained under the Companies Act, 1956, (the Act) and the rules and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and based on my examinations as well as records made available and explanations furnished to me by the Company and its Officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained statutory registers with up-to-date entries as required under the provisions of the Act and the Rules, as shown in Annexure 'A' to this Certificate.
2. The Company has duly filed all requisite Forms, Returns and Documents with the Registrar of Companies and such other authorities as may be applicable under the said act within the time prescribed under the Act and the Rules, as shown in Annexure 'B' to this Certificate.
3. The Board of Directors have duly met five (5) times during the financial year on various dates, viz.,
15th May, 2009
17th July, 2009
5th September, 2009
23rd October, 2009 and
22nd January, 2010

In respect of these meetings, proper notices were given and the proceedings were duly recorded and signed in the Minutes Book maintained for the purpose.
4. The Register of Members and Share Transfer Books of the Company were closed from 11th July, 2009 to 17th July, 2009, both days inclusive and the Company has duly complied with the provisions of Section 154 of the Act.
5. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 17th July, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
6. No Extra-ordinary General Meeting was held during the financial year.
7. The Company **has not** advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

8. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
9. The Company has made necessary entries in the register maintained under Section 301 of the Act.
10. As there were no instances falling within the purview of Section 314 of the Act relating to Directors' office or place of profit, the company has not obtained any approvals from the Board of directors, members or Central Government.
11. During the financial year, as many as Fifteen (15) duplicate share certificates comprising of 750 equity shares of Rs.10 each, were issued after the same were approved by a duly constituted Committee of Directors.
12. The Company has:
 - (i). not allotted any shares during the financial year. It has delivered all the certificates on lodgement thereof for transfer /transmission or for any other purpose in accordance with the provisions of the Act.
 - (ii) declared a dividend of 25% on equity shares amounting to Rs. 25,00,000/- for the financial year ended 31st March, 2009 at the Annual General Meeting of the Company held on 17th July, 2009. The dividend amount was transferred to 'Keltech Energies Limited Equity Dividend 2008-09 account' at Canara Bank, Town Hall Branch, Bangalore - 560 027 on 20th July, 2009, well within 5 days from the date of declaration and
 - (iii) disbursed to all shareholders by means of warrants dated 7th August, 2009 and despatched on 8th August, 2009 within the statutory period of 30 days of its its declaration and that all unclaimed / unpaid dividend has been transferred to 'Keltech Energies Limited Equity Unpaid Dividend 2008-09 Account' on 21st August, 2009 at the aforementioned bank.
 - (iv) transferred on 5th August, 2009, dividend of a sum of Rs. 58,185.60 which have remained unclaimed for a period of seven years from date of declaration viz., 19th July, 2002 pertaining to financial year ended 31st March, 2002 to the Investors Education and Protection Fund.
13. The provisions of Section 217(2AA) of the Act relating to 'Directors' Responsibility Statement' have been complied with. A Copy of the Compliance Certificate dated 9th May, 2009 was attached to the Report of the Board of Directors for the financial year ended 31st March, 2009 as required under proviso to Section 383A of the Act and the same was also filed with the Registrar of Companies, Karnataka, Bangalore. The Company has duly complied with the other requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of directors, additional directors and directors to fill casual vacancies have been duly made.
15. The Company is being managed by Shri.Santosh L.Chowgule, Managing Director. Further to my previous report, the re-appointment of the said Managing Director for Five-Year Term effective from 29th April, 2009 as per terms and conditions as set out in the Notice, was duly approved by members at the Annual General Meeting held on 17th July, 2009. Return in Form 25-C was duly filed with the Registrar of Companies, Karnataka, Bangalore. No other Whole-time Directors / Manager were appointed during the financial year.
16. The Company was not required to obtain any approvals from authorities such as the Central Government, Company Law Board, Regional Director, Registrar or such other authorities during the financial year.

KELTECH ENERGIES LIMITED

17. The Company has not appointed any sole selling agents during the financial year and as such the provisions of Section 294 or 294A of the Act are not applicable.
18. The Directors have disclosed their interests in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the Rules.
19. The Company has not issued any shares or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has no Preference Shares/Debentures.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividends pending registration of transfer of shares.
23. The Company **has not** accepted any deposits from the public or from any other source in terms of the provisions of Section 58A or 58AA of the Act during the financial year.
24. There were no borrowings made by the Company which attract the provisions of Section 293(1)(d) of the Act.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company **has not altered** any of the provisions of its Memorandum of Association or Articles of Association during the financial year.
27. As per records available and information given, there were no prosecution proceedings initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year for offences under the Act.
28. The Company has not received any money as security from its employees during the financial year and as such the provisions of Section 417(1) of the Act are not applicable.
29. The Company has deposited both employer's and employees' contributions to provident fund with prescribed authorities pursuant to Section 418 of the Act.

Place: Bangalore
Date : 20th May, 2010

Name of the Company Secretary : **K.V. Venkata Rangan**
FCS 934 - C.P. 404

ANNEXURE 'A'**Registers as maintained by the Company.****Statutory Registers:**

1. Register of Charges under Section 143 (Loose-leaf)
2. Register of Directors, Managing Director, Manager and Secretary under Section 303
3. Register of Directors' Shareholdings under Section 307
4. Register of Particulars of Contracts in which directors are interested under Section 301
5. Register of Members under Section 150 and Index of Members under Section 151 (computerised).
6. Books of Accounts under Section 209 (maintained under Microsoft Dynamics NAV Classic).
7. Minutes Book of Board Meetings (Loose-leaf) and Attendance record
8. Minutes Book of General Meetings (Loose-leaf) and Attendance record
9. Annual Returns under Section 159/160

Other Registers:

1. Minutes Book of Committee of Directors (loose-leaf)
2. Minutes Book of Share Transfer Committee (Loose-leaf)
3. Proxy Register

Place: Bangalore
Date : 20th May, 2010

Name of the Company Secretary : **K.V. Venkata Rangan**
FCS 934 - C.P. 404

KELTECH ENERGIES LIMITED

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31.03.2010.

Sl. No.	E-Form No./ Return	Filed under Section	For	SRN NO Date of payment of Filing Fees Rs.	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
I. Filed with the Registrar of Companies, Karnataka, Bangalore						
1.	20B-Annual Return	159	Made upto A.G.M date viz., 17.07.2009 for financial year ended 31.03.2009	P34331447 14.09.2009 500/-	Yes	No
2(a)	23-AC- Balance Sheet	220	For financial year ended 31.03.2009	P33820945 15.08.2009 500/-	Yes	No
2(b)	23-ACA P&L Account	220	For financial year Ended 31.03.2009	-ditto-	Yes	No
3	Form-66 - Secretarial Compliance Certificate	Proviso to Section 383A read with The Companies (Compliance Certificate) Rules, 2001	Certificate dated 09.05.2009 For financial year ended 31.03.2009	P33796780 13.08.2009 500/-	Yes	No
4.	Form I- INV	205-C Rule 3 of IEP Fund	Transfer of dividend unpaid / unclaimed for a period of 7 years to IEP Fund on 05.08.2009 - amount Rs. 58,185,60	A66859737 08.08.2009 No fees	Yes	No
5.	Form 32	303	Appointment of Sri.Umaji Viswasrao Chowgule, Additional Director as Director at AGM dated 17.07.2009	A66968405 11.08.2009 500/-	Yes	No
6.	Form 25-C	198, 269, 309 and 310 read with Sch. XIII	Re-appointment of Sri Santosh L. Chowgule as Managing Director dt. 29.04.2009 for a further 5 year term at AGM dated 17.07.2009.	A66958539 11.08.2009 Normal : Rs. 500/- Addl. Rs. 500/-	No	Yes
7.	Form 23	192	Agreement with the Managing Director, Mr. Santosh L. Chowgule	A66886037 10.08.2009 Rs. 500/-	Yes	No
8.	Form 8	132 and 135	Creation of Charge dated 18.11.2009 for Rs. 7,21,500/- Canara Bank Mobile Loan Agreement favouring Canara Bank, Retail Hub Branch, Bangalore	A74631458 15.12.2009 Rs. 500/-	Yes	No

Sl. No.	E-Form No./ Return	Filed under Section	For	SRN NO Date of payment of Filing Fees Rs.	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
9.	Form 8	132 and 135	Modification dated 26.10.2009 - Addl. Term Loan of Rs. 220 Lacs - Total limit increased from 3135.50 lacs to Rs. 3319.50 lacs in favour of Canara Bank, Town Hall Branch, Bangalore.	A72030224 04.11.2009 Rs. 500/-	Yes	No
10.	Form 8	132 and 135	Supplemental Common Hypothecation Agreement and Pronote dt. 27.10.2009 - for the charge at item 9	A72030661 04.11.2009 Rs. 500/-	Yes	No
11.	Form 8	132 and 135	Modification dated 12.12.2009 – Addl. Term Loan of Rs. 220 Lacs - Total Limit increased from 3319.50 lacs to Rs. 3846.72 lacs in favour of Canara Bank, Town Hall Branch, Bangalore.	A76397439 13.01.2010 Normal - Rs. 500/- Addl. - Rs. 500/-	No	Yes
12.	Form 8	132 and 135	Supplemental common Hypothecation agreement and Pronote dt. 14.12.2009 - for the Charge at item 11.	A76397702 13.01.2010 Rs. 500/-	Yes	No

Place : Bangalore
Date : 20th May, 2010

Name of the Company Secretary : **K.V. Venkata Rangan**
FCS 934 - C.P. 404

KELTECH ENERGIES LIMITED

Annexure A to the Directors' Report for the year ended 31st March, 2010

Cash Flow Statement for the year ended 31st March, 2010

		(Rs.lacs)	
A	Cash Flow from Operating Activities :	Current Year	Previous Year
	Net Profit/(Loss) before tax	A 905.17	779.18
	Adjustment for :		
	Depreciation	86.36	76.02
	Profit on Sale of Assets	(0.06)	(0.03)
	Loss on Sale of Assets	3.75	1.51
	Gratuity of past years	-	-
	Interest Paid	51.12	77.36
	Earlier year tax adjustment	-	1.90
		B	156.76
	Operating Profit before Working Capital Changes (A+B)	C	935.94
	Adjustment for changes in :		
	Inventories	155.90	273.97
	Sundry Debtors	351.71	(16.25)
	Loans & Advances	(109.43)	(10.36)
	Current Liabilities and provisions (including deferred tax provisions)	(386.12)	(328.58)
	Taxation	(319.30)	(303.07)
	(Increase)/Decrease in net current assets	D	(384.29)
	Cash Generated from Operations (C+D)	E	551.65
	Net Cash from Operating Activities	F	551.65
	B Cash Flow from Investing Activities :		
	Addition to Fixed Assets	(197.68)	(283.97)
	Capital Work-in-progress	(26.26)	57.60
	Sale of Investment	-	-
	Capital Suidy	-	-
	Impairment of Assets	-	-
	Proceeds from Sale of Fixed Assets	0.61	6.28
	Net Cash used in Investing Activities	G	(220.09)
	C Cash Flow from Financing Activities :		
	Repayment of Long Term Borrowings (Net)	(61.02)	(3.66)
	Cash Credit	-	(179.14)
	Interest Paid	(51.12)	(77.36)
	Proposed Dividend	(25.00)	(25.00)
	Net Cash used in Financing Activities	H	(285.16)
	Net Increase in cash Equivalents (F+G+H)	378.63	46.40
	Cash & Cash Equivalents as at 31.03.2009	136.84	90.44
	[Opening Balance]		
	Cash & Cash Equivalents as at 31.03.2010	515.47	136.84
	[Closing Balance]		

for **HARIBHAKTI & CO.,**
Chartered Accountants

ASHOK V. CHOWGULE
Chairman

S. L. CHOWGULE
Managing Director

CHETAN DESAI
Partner

V. V. JOSHI
Sr. General Manager (F & S)

Place : Mumbai
Date : 25th May, 2010

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of **KELTECH ENERGIES LIMITED** ('the Company') as at March 31, 2010 and also 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 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. 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') 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.

Further to our comments in the 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 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 the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 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. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **HARIBHAKTI & CO.**

Chartered Accountants

FRN No. 103523W

CHETAN DESAI

Partner

Membership No. 17000

Place : Mumbai,

Dated : 25th May, 2010

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Keltech Energies Limited on the financial statements for the year ended 31st March, 2010]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies was noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies was noticed on physical verification carried out at the end of the year.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
In view of this, clauses (iii) (b), (c) and (d) are not applicable to the Company and hence, not reported upon.
- (b) As informed, during the year the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. However, unsecured loan of Rs. 300 lakhs had been taken from a Company in 2007-08, the maximum amount involved during the year was Rs. 300 lakhs and the year-end balance of loans taken from such Company was Rs. 200 lakhs.
- (c) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (d) In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest,
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it and there is no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date it became payable.

- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Commercial Tax Department	Sales Tax	6,55,609	2002-03	Deputy Commissioner of Commercial Taxes (DCCT), Mumbai
Commercial Tax Department	Sales Tax	4,37,057	2003-04	Commissioner/ Assistant Commissioner of Commercial taxes (ACCT)
Commercial Tax Department	Sales Tax	28,882	2004-05	ACCT
Commercial Tax Department	Sales Tax	1,28,700	2005-06	ACCT
Commercial Tax Department	Sales Tax	23,571	2006-07	ACCT
	Total	12,73,819		

- (x) The Company has neither accumulated losses as at 31st March, 2010 nor has it incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, 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 (as amended) are not applicable to the Company.
- (xiv) In our opinion, 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 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, 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.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures for which security needs to be created.
- (xx) The Company has not raised money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **HARIBHAKTI & CO.**
Chartered Accountants
FRN No. 103523W

Place : Mumbai,
Dated : 25th May, 2010

CHETAN DESAI
Partner
Membership No. 17000

KELTECH ENERGIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule		(Rs.Lacs)
			As at 31.3.2009
I SOURCES OF FUNDS:			
1) SHAREHOLDERS' FUNDS			
a) Share Capital	1	99.99	99.99
b) Reserves and Surplus	2	1,727.80	1,166.93
			<u>1,266.92</u>
			1,827.79
2) LOAN FUNDS			
a) Secured Loans	3	180.20	123.54
b) Unsecured Loans	4	471.28	588.96
			<u>712.50</u>
			651.48
3) DEFERRED TAX LIABILITY	5		117.06
			<u>120.21</u>
			2,599.48
TOTAL			<u>2,096.48</u>
II APPLICATION OF FUNDS:			
1) FIXED ASSETS			
Gross Block	6	2,342.57	2,152.42
Less: Depreciation		1,029.51	946.38
NET BLOCK		1,313.06	1,206.04
Capital Work -in-Progress		50.43	24.17
			<u>1,230.21</u>
			1,363.49
2) INVESTMENTS	7		0.15
3) CURRENT ASSETS, LOANS AND ADVANCES	8		
a) Inventories		592.79	748.69
b) Sundry Debtors		1,588.82	1,940.53
c) Cash and Bank balances		515.47	136.84
d) Other Current Assets		5.93	2.72
e) Loans and advances		515.07	408.85
		<u>3,218.08</u>	3,237.63
LESS: CURRENT LIABILITIES AND PROVISIONS	9		
a) Liabilities		1,740.93	2,059.80
b) Provisions		241.31	311.71
		<u>1,982.24</u>	2,371.51
NET CURRENT ASSETS			<u>866.12</u>
			1,235.84
TOTAL			<u>2,096.48</u>

The schedules referred to above and attached Notes in Schedule 15, form an integral part of the accounts
As per our attached Report of even date

for **HARIBHAKTI & CO.,**
Chartered Accountants

ASHOK V. CHOWGULE
Chairman

S. L. CHOWGULE
Managing Director

CHETAN DESAI
Partner

V. V. JOSHI
Sr. General Manager (F & S)

Place : Mumbai
Date : 25th May, 2010

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

	Schedule	2009-10	2008-09
(Rs.Lacs)			
INCOME			
Sales		12,043.55	12,222.27
Less: Excise Duty		890.33	1,187.92
Other Income	10	68.47	474.47
		11,221.69	11,508.82
Increase/(Decrease) in Stocks	11	(27.86)	8.96
TOTAL		11,193.83	11,517.78
EXPENDITURE:			
Raw materials and Packing materials consumed	12	7,180.49	7,304.42
Cost of goods for resale		370.32	500.92
Manufacturing and other expenses	13	2,600.37	2,779.88
Interest	14	51.12	77.36
Depreciation		86.36	76.02
TOTAL		10,288.66	10,738.60
Profit for the year before taxation		905.17	779.18
Provision for Taxation - Current tax		312.00	269.21
- Fringe benefit Tax		-	19.40
Adjustments for Deferred tax		3.15	10.21
Profit for the year after taxation		590.02	480.36
Tax adjustment of earlier years		-	(1.90)
		590.02	482.26
Transfer to General Reserve		500.00	260.00
Proposed Dividend		25.00	25.00
Tax on Dividend		4.15	4.25
Balance of Profit and Loss			
Account Brought Forward		385.93	192.92
Balance Carried over to Balance Sheet		446.80	385.93
Basic/Diluted EPS (in Rupees)		59.00	48.23

The schedules referred to above and attached Notes in Schedule 15, form an integral part of the Accounts

As per our attached Report of even date

for **HARIBHAKTI & CO.,**
Chartered Accountants

ASHOK V. CHOWGULE
Chairman

S. L. CHOWGULE
Managing Director

CHETAN DESAI
Partner

V. V. JOSHI
Sr. General Manager (F & S)

Place : Mumbai
Date : 25th May, 2010

KELTECH ENERGIES LIMITED

SCHEDULES TO THE BALANCE SHEET

(Rs.Lacs)

**As at
31.03.2009**

SCHEDULE 1 - SHARE CAPITAL

AUTHORISED

a) 1000000 Equity Shares of Rs.10/- each	100.00	100.00
b) 1000000 Unclassified Shares of RS.10/- each	100.00	100.00
TOTAL	200.00	200.00
Issued, Subscribed and Paid-up Capital		
1000000 Equity Shares of Rs.10/- each	100.00	100.00
Less: Allotment Money in arrears (Other than from Directors)	0.01	0.01
TOTAL	99.99	99.99

SCHEDULE 2 - RESERVES AND SURPLUS

Capital Reserve

Investment Subsidies from the State Government

Balance as per last Balance Sheet	31.20	31.20
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General Reserve :

Balance as per last Balance Sheet	749.80	489.80
Transfer from Profit and Loss Account	500.00	260.00
	1249.80	749.80

Profit & Loss Account

Balance as per Annexed Account	446.80	385.93
TOTAL	1,727.80	1,166.93

SCHEDULES TO THE BALANCE SHEET

(Rs.Lacs)

**As at
31.03.2009**

SCHEDULE 3 - SECURED LOANS

(a) Term Loans from Financial Institution/bank	180.20	123.54
(b) Cash Credit from Bank	-	-
TOTAL	180.20	123.54

NOTES :

1. Term Loans from the financial institutions and banks are secured by mortgage of assets and hypothecation of vehicles.
2. Cash Credit facility from a bank is secured by first charge by hypothecation of book debts (as prime security), stocks of raw materials, semifinished goods, finished goods, consumable stores and by first charge on the fixed assets.

SCHEDULE 4 - UNSECURED LOANS

(a) Sales Tax Deferment Loan	271.28	288.96
(b) Chowgule & Co., Pvt Ltd	200.00	300.00
TOTAL	471.28	588.96

[Repayable with in one year Rs.103.08 lacs (P.Y. 117.68 lacs)]

SCHEDULE 5-DEFERRED TAX LIABILITY

Deferred Tax Liability	171.66	160.28
Less : Deferred Tax Asset	51.45	43.22
TOTAL	120.21	117.06

SCHEDULES TO THE BALANCE SHEET

SCHEDULE 6 - FIXED ASSETS

(Rs. Lacs)

Particulars	C O S T			D E P R E C I A T I O N				N E T B L O C K		
	Cost as on 01.04.2009	Additions during the year	Deductions during the year	Cost as on 31.03.2010	Depreciation upto 31.03.2009	Depreciation for the year	Deductions during the year	Depreciation upto 31.03.2010	Net Block as on 31.03.2010	Net Block as on 31.03.2009
LAND										
a) Freehold	70.82	7.99	-	78.81	-	-	-	-	78.81	70.82
b) Leasehold	1.67	5.84	-	7.51	0.30	0.03*	-	0.33	7.18	1.37
Buildings	401.40	13.26	-	414.66	97.41	9.04	-	106.45	308.21	303.99
Plant & Machinery	1,423.40	131.76	2.91	1,552.25	708.96	52.23	1.06	760.13	792.12	714.44
Laboratory Equipment	15.80	0.45	-	16.25	6.74	0.57	-	7.31	8.94	9.06
Office Equipments	86.79	21.30	4.62	103.47	66.07	11.31	2.17	75.21	28.26	20.72
Furniture & Fixtures	50.35	5.97	-	56.32	27.69	3.13	-	30.82	25.50	22.66
Vehicles	94.17	11.11	-	105.28	32.31	8.93	-	41.24	64.04	61.86
INTANGIBLE ASSET										
Technical Knowhow	8.02	-		8.02	6.90	1.12*		8.02	-	1.12
TOTAL	2,152.42	197.68	7.53	2,342.57	946.38	86.36	3.23	1,029.51	1,313.06	1,206.04
Previous Year	1,880.06	283.97	11.61	2,152.42	874.21	76.02	3.85	946.38	1,206.04	-

* Amortization

SCHEDULES TO THE BALANCE SHEET

(Rs.Lacs)
As at
31.03.2009

SCHEDULE 7 - INVESTMENTS

(At cost)

NSC/KVP	<u>0.15</u>	<u>0.15</u>
	<u>0.15</u>	<u>0.15</u>

SCHEDULE 8 - CURRENT ASSETS, LOANS AND ADVANCES

A. Inventories:

a) Raw Materials	367.50	492.07
b) Packing Materials	80.58	79.27
c) Stores and Spares	43.62	44.21
d) Finished Goods	70.05	97.91
e) Stock in Trade	10.99	22.72
f) Work-in-process	20.05	12.51
TOTAL	<u>592.79</u>	<u>748.69</u>

B. Sundry Debtors:

(Unsecured, Considered Good)

a) Outstanding for more than six months	90.67	87.21
b) Others	1,498.15	1,853.32
TOTAL	<u>1,588.82</u>	<u>1,940.53</u>

C. Cash and Bank balances:

a) Cash & Cheques on hand	5.66	5.35
b) Balances with Scheduled Banks		
i. In Current Accounts(including cash-in-transit)	182.83	106.25
ii. In Deposit Accounts	320.65	20.09
iii. In unclaimed dividend A/c.	6.33	5.15
TOTAL	<u>509.81</u>	<u>131.49</u>
	<u>515.47</u>	<u>136.84</u>

D. Other Current Assets:

Interest Receivable	5.93	2.72
	<u>5.93</u>	<u>2.72</u>

E. Loans and Advances:

(Unsecured, Considered Good unless otherwise stated)

a) Loans to Employees	2.81	2.13
b) Advances recoverable in Cash or in kind or for value to be received (including Capital Advances)	235.82	118.57
c) Advance Tax (Net of Provision)	-	-
d) Deposits	144.67	115.86
e) Balance with Excise Authorities	32.14	105.34
f) VAT Receivable	99.63	66.95
TOTAL	<u>515.07</u>	<u>408.85</u>

KELTECH ENERGIES LIMITED

SCHEDULES TO THE BALANCE SHEET

				(Rs.Lacs)
				As at
				31.03.2009
SCHEDULE 9 - CURRENT LIABILITIES & PROVISIONS				
A CURRENT LIABILITIES :				
a) Sundry Creditors	- MSME	-	-	1,473.48
	- Others	<u>1,140.90</u>	<u>1,140.90</u>	<u>1,473.48</u>
b) Advances received against orders			<u>38.93</u>	15.46
c) Investor Education Protection Fund shall be credited (as & when & to the extent required) by the following amounts namely				
Unclaimed dividend			6.33	5.15
d) Interest accrued but not due			0.32	0.57
e) Other liabilities			<u>554.45</u>	<u>565.14</u>
	TOTAL		<u>1,740.93</u>	<u>2,059.80</u>
B PROVISIONS :				
a) For Employees' Gratuity			89.98	78.74
b) For Leave Encashment			64.92	48.41
c) Proposed Dividend			25.00	25.00
d) Provision for Taxation (Net of Advance tax)			<u>61.41</u>	<u>159.56</u>
	TOTAL (A+B)		<u>241.31</u>	<u>311.71</u>
			<u>1,982.24</u>	<u>2,371.51</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

SCHEDULE 10 - OTHER INCOME

Interest (Gross) (TDS Rs.0.63 lacs) (Previous year- Rs.0.82 lacs)	11.12	5.61
Miscellaneous Income	45.83	40.12
Exchange Gain	-	8.64
Profit on sale of assets(Net)	-	-
Insurance claim received	0.06	-
Labour Job Work	<u>11.46</u>	<u>420.10</u>
	TOTAL	474.47
	<u>68.47</u>	<u>474.47</u>

SCHEDULE 11 - INCREASE / (DECREASE) IN STOCK

Finished Goods :				
Closing Stock	66.59	95.53		
Add:- Excise duty on Closing Stock	<u>3.46</u>	<u>70.05</u>	2.38	97.91
Less : Opening Stock	95.53	84.11		
Add:- Excise duty on Opening Stock	<u>2.38</u>	<u>97.91</u>	4.84	88.95
	TOTAL	8.96		
	<u>(27.86)</u>	<u>8.96</u>		

SCHEDULE 12 - RAW MATERIALS AND PACKING MATERIALS CONSUMED

Opening Stock :				
Raw Materials	492.07	732.56		
Packing Materials	<u>79.27</u>	<u>81.28</u>		
	571.34	813.84		
Add : Purchases				
Raw Materials	6,648.61	6,627.92		
Packing Materials	<u>408.62</u>	<u>434.00</u>		
	7,057.23	7,061.92		
	<u>7,628.57</u>	<u>7,875.76</u>		
Less : Closing Stock				
Raw Materials	367.50	492.07		
Packing Materials	<u>80.58</u>	<u>79.27</u>		
	448.08	571.34		
Consumption :				
Raw Materials	6,773.18	6,868.41		
Packing Materials	<u>407.31</u>	<u>436.01</u>		
	7,180.49	7,304.42		

SCHEDULES TO THE PROFIT AND & LOSS ACCOUNT

	(Rs.Lacs) As at 31.03.2009	
SCHEDULE 13 - MANUFACTURING AND OTHER EXPENSES		
Payments to and provisions for Employees		
Salaries, Wages and Allowances	435.57	374.68
Contribution to:		
a) Employees' Provident Fund	31.14	24.36
b) Employees' State Insurance Fund	0.11	0.25
c) Employees' Gratuity	21.95	26.08
d) Employees' Superannuation Fund	11.88	8.08
	65.08	58.77
Staff Welfare Expenses	36.21	40.87
	536.86	474.32
Stores Consumed	57.41	78.21
Power and Fuel	143.92	130.74
Insurance	14.13	15.35
Rent (Net)	55.89	49.73
Rates and Taxes	28.16	24.06
Repairs and Maintenance		
Building	33.30	22.72
Plant and Machinery	64.19	42.44
Others	62.68	29.20
	160.17	94.36
Travelling and Conveyance	371.76	407.56
Auditors Remuneration		
For Audit Fees	2.21	1.00
For Audit under Income Tax Act	0.44	0.30
For Other Services	0.80	0.45
	3.45	1.75
Postage, Telegram and Telex	24.16	28.38
Directors' Sitting Fees	1.30	0.95
Freight and Forwarding	385.17	332.38
Commission on Sales	103.09	108.91
Claims under warranties	182.37	507.33
Loss on sale of assets (Net)	3.69	1.48
Non moving stores items written-off	-	12.38
Exchange Loss	14.56	-
Bad debts	156.21	-
Other Expenses	358.07	511.99
TOTAL	2,600.37	2,779.88
SCHEDULE 14 - INTEREST		
Interest on Term Loans	17.17	9.51
Less:- Interest capitalised	2.98	-
Other interest	36.93	67.85
TOTAL	51.12	77.36

SCHEDULE 15 - NOTES FORMING PART OF ACCOUNTS

I. Significant Accounting Policies :

- i) The Financial Statements are prepared under the historical cost convention. These are in accordance with the requirements of Companies Act, 1956, applicable accounting standards and in line with generally accepted accounting principles.
- ii) Revenue is generally recognised on accrual basis. The revenue in respect of projects is recognised on completion of the project.
- iii) Fixed Assets, depreciation, amortisation and impairment:-
 - (a) Fixed Assets have been valued at cost.
 - (b) Depreciation on Fixed Assets has been provided for on straight line method as prescribed by Sec.205 (2)(b) of the Companies Act, 1956 adopting the rates prescribed by Schedule XIV of the Companies Act, 1956, as amended with effect from 16th December, 1993. 100% depreciation is provided for on all assets each costing Rs.5,000/- or less.
 - (c) Value of lease hold land is amortized over the lease period.
 - (d) In accordance with Accounting Standard 26 on 'Intangible Assets', expenditure on 'Technical Knowhow' have been amortized over the useful life of the assets i.e. Agreement period. Original value, value till date and un-amortized value have been disclosed in Schedule-6 of the Financial Statements.
 - (e) Impairment of Assets:-

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such asset is reduced to its recoverable amount and the impairment loss is charged to profit and loss account. If at the Balance Sheet date, there is any evaluation that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

- iv) Investments have been valued at cost.
 - v) Raw materials, Stock- in- transit, Packing materials, Stores and spares have been valued at cost, arrived on weighted average method. Traded goods and Finished goods have been valued at lower of cost and net realisable value.
 - vi) Interest claimed by/from suppliers/customers on account of delayed payments / delivery etc., is accounted for on cash basis, as the amounts are not material or on account of uncertainty of settlement of claims.
 - vii) Contributions to defined contribution schemes such as Provident Fund, Superannuation etc. are charged to the Profit and Loss account as incurred. The Company also provides for retirement/post retirement benefits in the form of gratuity and leave encashment. Such defined benefits are charged to the Profit and Loss account based on independent actuarial valuations, as at the balance sheet date.
 - viii) Deferred tax Liability/Assets have been provided for in accordance with Accounting Standard 22 on 'Accounting for taxes on income', in respect of those differences between taxable income / expenses and Accounting income / expenses for the period that originate in one period and are capable of reversal in subsequent periods.
2. Contingent Liabilities:
- a) Disputed demand in respect of Sales tax at Waidhan, Anuppur and Garamsur aggregating to Rs.15.92 lacs (Rs.12.00 lacs). Amount aggregating to Rs.3.18 lacs is paid under protest against such demand, which has been included under Loans and Advances.
 - b) Letter of credits and Bank guarantees issued to suppliers/customers Rs.1713.67 lacs (P.Y.2359.80 lacs).
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) Rs.85.84 lacs(Rs.10.98 lacs).

SCHEDULE 15 - NOTES FORMING PART OF ACCOUNTS (Contd..)

4. The amount payable in future for the employees who have opted for monthly compensation as a part of Voluntary Retirement Scheme, aggregate Rs.4.50 lacs (Rs.3.25 lacs).
5. In respect of Sundry Creditors which are Micro,Small and Medium Enterprises, the Company has not availed credit facility beyond 45 days. There is no outstanding payable to Micro, Small and Medium Enterprises as on Balance Sheet date.
6. Segment Reporting:- Rs./Lacs

Particulars	2009-10			2008-09		
	Business Segments		Total	Business Segments		Total
	Explosives	Perlite		Explosives	Perlite	
Revenue						
External Revenue	10493.17	660.05	11153.22	9637.00	1397.35	11034.35
Inter-segment Revenue	-	-	-	-	-	-
Total Revenue	10493.17	660.05	11153.22	9637.00	1397.35	11034.35
Segment result	1075.89	(119.60)	956.29	301.39	555.15	856.54
Interest & financing charges (Net)	-	-	51.12	-	-	77.36
Profit before Tax	-	-	905.17	-	-	779.18
Provision for tax (Net)	-	-	315.15	-	-	298.82
Profit after tax	-	-	590.02	-	-	480.36
Other information						
Segment assets	1916.83	221.16	2137.99	2284.43	360.58	2645.01
Unallocated assets	-	-	1080.09	-	-	592.62
Total assets	1916.83	221.16	3218.08	2284.43	360.58	3237.63
Segment liabilities	1044.73	53.75	1098.48	1386.63	12.52	1399.15
Unallocated liabilities	-	-	883.76	-	-	972.36
Total liabilities	1044.73	53.75	1982.24	1386.63	12.52	2371.51
Capital expenditure	50.43	-	50.43	19.11	5.06	24.17
Depreciation & amortisation	75.23	11.13	86.36	66.85	9.17	76.02

7. Provision for taxation of current year is Rs.312.00 Lacs. Change in deferred tax Assets and Liabilities (Net) is Rs.3.15 Lacs, working of which is as under:-

(Rs.lacs)

Computation of deferred tax liability/asset:	31.3.2009	During the year	31.3.2010
a) Expenses allowable u/s 43 B on payment basis	43.22	8.23	51.45
Deferred tax asset (A)	43.22	8.23	51.45
b) Difference between tax depreciation & book depreciation	160.28	11.38	171.66
Deferred tax liability (B)	160.28	11.38	171.66
Net deferred tax liability/(Assets)	117.06	3.15	120.21

The above working is based upon assessment orders/ return filed.

KELTECH ENERGIES LIMITED

SCHEDULE 15 - NOTES FORMING PART OF ACCOUNTS (Contd..)

8. Disclosure in respect of Operating Lease in accordance with AS 19 on 'Leases'
- a) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:-
- Not later than one year - Rs.11.51 lacs (P.Y.Rs.9.01 lacs).
 - later than one year and not later than three years- 34.53 lacs (P.Y.Rs.26.69 lacs).
 - later than five years - Nil
- b) lease payments recognised in the statement of profit and loss for the period from 1.4.2009 to 31.3.2010 is Rs. 10.35 lacs (P.Y.8.57 lacs).
- 9(a) Related party disclosure in accordance with Accounting Standard 18.

Name of the party	Relationship
Chowgule & Co Pvt Ltd	Major Shareholder
Santosh L Chowgule	Key management personnel
Santosh Chowgule HUF	Karta-HUF

9(b)

Name of the party	Nature of transaction	Amount of transaction (Rs.lacs)	Amount due from/(to) (Rs.lacs)	Amount provided for written off/ written back
Chowgule & Co Pvt Ltd	Sale of Explosives	32.75	2.11	Nil
	Drilling & Rock breaking	3.86	0.62	Nil
Chowgule & Co Pvt Ltd*	Loan	300.00	(200.00)	Nil
	Interest	22.40	Nil	Nil
Santosh Chowgule HUF	Rent paid	8.26	Nil	Nil
Santosh L Chowgule	Remuneration	37.83	Nil	Nil
Directors Sitting Fees	Sitting Fees	1.30	Nil	Nil

* Further disclosure in conformity with Clause 32 of Listing Agreement; the maximum outstanding of said loan was Rs.300 Lacs during the year.

10. Note in the financial statements

The Company has adopted Accounting Standard 15 (revised 2005) in the Financial Year 2007-08 "Employee Benefits". The Company has classified various employee benefits as under:-

- (A) Defined contribution plans
- Provident Fund
 - Superannuation Fund
 - State defined contribution plans

- Employers' Contribution to Employees' State Insurance

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is funded to LIC of India. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

SCHEDULE 15 - NOTES FORMING PART OF ACCOUNTS (Contd..)

The Company has recognised the following amounts in the Profit and Loss Account for the year

SL. No.	Particulars	Gratuity	
		Year ended	Year ended
		31 st March 2010	31 st March 2009
(Rs./Lacs)			
(i)	Contribution to Provident Fund	31.14	24.36
(ii)	Contribution to Employees' Superannuation Fund	11.88	8.08
(iii)	Contribution to Employees' State Insurance Scheme	0.11	0.25

Leave encashment is payable to eligible employees who have earned leaves, during the employment and / or on superannuation as per the Company's policy. During the year an amount of Rs.16.51 lacs has been charged to Profit & Loss account as per actuarial valuation.

(B) Defined Benefit Plans

Sl. No	Particulars	Gratuity		Leave Encashment	
		Year ended	Year ended	Year ended	Year ended
		31 st March, 2010	31 st March 2009	31 st March 2010	31 st March 2009
		(Rs./Lacs)		(Rs./Lacs)	
Valuation in respect of Gratuity, as well, has been carried out by the independent actuaries, as at the Balance Sheet date, based on the following assumptions.					
(i)	Discount Rate (Per annum)	8.00%	6.50%	8.00%	6.50%
(ii)	Rate of increase in Compensation levels	3%	3%	3%	3%
(iii)	Rate of Return on Plan Assets				
(iv)	Attrition rate	3%	3%	3%	3%
(i)	Changes in present Value of Obligation				
a	Present value of Obligation as at 1 st April 2009	121.85	97.92	48.41	36.38
b	Interest Cost	7.88	7.63	3.07	2.86
c	Past Service Cost				
d	Current Service Cost	13.84	9.10	15.88	18.52
e	Contributions by Plan participants				
f	Curtailment Cost/(Credit)				
g	Settlement Cost/(Credit)				
h	Benefits Paid	(1.20)	(3.26)	(2.23)	(1.36)
i	Actuarial (Gains)/Loss	0.23	12.27	(0.21)	(7.99)
j	Present value of Obligations as at 31 st March 2010	142.60	121.85	64.92	48.41
(ii)	Changes in Fair value of Plan Assets				
a	Present value of Plan assets as at 1 st April 2009	43.10	36.73	-	-
b	Expected Return on Plan Assets	3.83	2.92	-	-
c	Actuarial(Gain)/Loss	(3.83)	(0.01)	-	-
d	Employer's Contributions	10.72	6.72	2.23	1.36
e	Benefits Paid	(1.20)	(3.26)	(2.23)	(1.36)
f	Fair Value of Assets as at 31 st March, 2010	52.61	43.10	-	-

KELTECH ENERGIES LIMITED

SCHEDULE 15 - NOTES FORMING PART OF ACCOUNTS (Contd..)

		Gratuity		Leave Encashment	
		Year ended 31 st March, 2010	Year ended 31 st March 2009	Year ended 31 st March 2010	Year ended 31 st March 2009
		(Rs./Lacs)		(Rs./Lacs)	
(iii)	Percentage of each Category of Plan Assets to total fair value of plan Assets as at 31 st March, 2010				
	a Bank Deposits (Sp. Dep. Scheme, 1975)	-	-	-	-
	b Debt Instruments	-	-	-	-
	c Administered by Life Ins. Corpn. Of India	52.61	43.10	-	-
	d Others	-	-	-	-
(iv)	Amounts recognised in the Balance Sheet				
	a Present Value of Obligations as at 31 st March, 2010	142.60	121.85	64.92	48.41
	b Fair value of Plan Assets as at 31 st March 2010	52.61	43.10	-	-
	c Liability recognised in the Balance Sheet	89.98	78.74	64.92	48.41
(v)	Expenses recognised in the Profit and Loss Account				
	a Current Service Cost	13.84	9.10	15.88	18.52
	b Past Service Cost				
	c Interest Cost	7.88	7.63	3.07	2.86
	d Expected Return on Plan Assets	(3.83)	(2.92)	-	-
	e Curtailment Cost/(Credit)				
	f Settlement Cost/(Credit)				
	g Net Actuarial(Gain)/Loss	4.06	12.28	(0.21)	(7.99)
	h Employees' Contribution				
	i Total Expenses recognised in the Profit and Loss Account	21.95	26.08	16.51	12.03

SCHEDULE 15 - NOTES FORMING PART OF ACCOUNTS (Contd..)

11. Production, Purchases (Trading Goods), Stocks and sales of the Goods

	Unit	Opening stock		Actual Production Qty	Purchases (Trading) Qty	Value (Rs. lacs)	Sales		Captive Consumption Qty	Closing Stock	
		Qty	Value (Rs. lacs)				Qty	Value (Rs. lacs)		Qty	Value (Rs. lacs)
Industrial Explosives	M.T.	366.74 (204.96)	63.89 (38.54)	42,965.76 (40,638.26)	-- --	-- --	43,147.99 (40,476.48)	11,123.06 (10,109.32)	16.90 --	167.61 (366.74)	38.50 (63.89)
Traded Goods	Mtrs	255,750 (378,000)	8.50 (12.62)	-- --	4,947,500 (5,950,000)	171.14 (195.05)	5,018,000 (6,065,875)	193.37 (228.26)	8,625* (6,375)*	176,625 (255,750)	6.38 (8.50)
Traded Goods	Nos	28,867 (16,037)	5.04 (2.57)		129,850 (175,550)	26.34 (30.51)	133,377 (162,720)	44.29 (46.71)		25,340 (28,867)	2.36 (5.04)
Expanded Perlite	M.T.	36.89 (167.89)	7.50 (29.31)	1,516.27 (977.56)	-- --	-- --	1,407.36 (1,027.54)	386.67 (260.96)	94.85 (81.02)	50.95 (36.89)	8.67 (7.50)
Traded Goods (Perlite Division)	M.T.	121,960 (104,925)	9.18 (6.85)		2,764.51 (2,675.84)	160.90 (151.24)	2,854,680 (2,658,085)	226.04 (205.84)	0.29* (0.72)*	31,500 (121,960)	2.25 (9.18)
Blocks	Nos	-- --	-- --	784.00 (1,904.00)			784.00 (1,904.00)	31.18 (144.97)		-- --	-- --
Others	M.T.	72.30 (70.66)	26.52 (21.10)	878.58 (1,555.10)	-- (604.50)	-- (124.82)	-- (1,204.50)	-- (411.70)	892.33 (953.46)	58.55 (72.30)	22.88 (26.52)
			120.63 (110.99)			358.38 (501.62)		12,004.61 (11,407.76)			81.04 (120.63)

* Represents the quantity used for testing and free samples.

KELTECH ENERGIES LIMITED

SCHEDULE 15 - NOTES FORMING PART OF ACCOUNTS (Contd..)

12. Earning Per Share:-

	2009-10 (Rs. lacs)	2008-09 (Rs. lacs)
1) Profit attributable to Equity Shareholders	590.02	482.26
2) Weighted number of Equity Shares during the year.	1000000	1000000
3) Basic/Diluted EPS (in rupees)	59.00	48.23

13. Remuneration to Managing Director comprises of :-

	2009-10 (Rs. lacs)	2008-09 (Rs. lacs)
Salary	21.03	7.20
Perquisites	10.20	5.03
Contribution to Superannuation Fund, Provident Fund & Gratuity Fund	6.60	2.24
	<u>37.83</u>	<u>14.47</u>

14. Licensed and Installed Capacity	2009-10 (Rs. lacs)		2008-09 (Rs. lacs)	
	Licensed Capacity (MT)	Installed Capacity * (MT)	Licensed Capacity (MT)	Installed Capacity * (MT)
	Industrial Explosives	152,000	108,200	150,000
Expanded Perlite	9,400	8,400	9,400	6,900

* As certified by the Management, this being a technical matter.

15. Earnings in Foreign Exchange:

	2009-10 (Rs. lacs)	2008-09 (Rs. lacs)
Exports on FOB basis	30.56	1,129.68
	<u>30.56</u>	<u>1,129.68</u>

16. Details of Raw Materials consumed :

	2009-10		2008-09	
	Qty (MT)	Value (Rs. lacs)	Qty (MT)	Value (Rs. lacs)
Chemicals	32,978.50	5,806.37	31,106.66	5,843.72
Acids	1,213.54	215.32	1,552.36	278.52
Others		751.49		746.17
		<u>6,773.18</u>		<u>6,868.41</u>

SCHEDULE 15 - NOTES FORMING PART OF ACCOUNTS (Contd..)**17. Details of Imported and Indigenous Raw materials, Stores, & Spares Consumed**

	2009-10		2008-09	
	Value	Percentage	Value	Percentage
	(Rs. lacs)		(Rs. lacs)	
Imported	114.26	1.67	224.58	3.23
Indigenous	6,716.33	98.33	6,722.04	96.77
	6,830.59	100.00	6,946.62	100.00

18. CIF value of imports during the year

	2009-10	2008-09
	(Rs. lacs)	(Rs. lacs)
Raw Materials	122.66	124.25
	122.66	124.25

19. Expenditure in Foreign Currency (shown on cash basis)

	2009-10	2008-09
	(Rs. lacs)	(Rs. lacs)
i) Travelling	29.93	56.33
ii) Others	2.53	2.00
	32.46	58.33

20. i) The figures for the previous year have been regrouped wherever necessary.
ii) The amounts in brackets pertain to the previous year

Signature to Schedules I to 15

for **HARIBHAKTI & CO.,**
Chartered Accountants

ASHOK V. CHOWGULE
Chairman

S. L. CHOWGULE
Managing Director

CHETAN DESAI
Partner

V. V. JOSHI
Sr. General Manager (F & S)

Place : Mumbai
Date : 25th May, 2010

PART IV

Balance Sheet Abstract & Company's General Business Profile

(Rs. lacs)

I) Registration Details

Registration No.

3	1	6	6	0
---	---	---	---	---

State Code

0	8
---	---

Balance Sheet Date

3	1	0	3	1	0
Date	Month	Year			

II) Capital Raised during the Year

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

Total Liabilities

	4	5	8	1	.	7	2
--	---	---	---	---	---	---	---

Total Assets

	4	5	8	1	.	7	2
--	---	---	---	---	---	---	---

Source of Funds

Paid-up-Capital

			9	9	.	9	9
--	--	--	---	---	---	---	---

Reserves & Surplus

	1	7	2	7	.	8	0
--	---	---	---	---	---	---	---

Secured Loans

		1	8	0	.	2	0
--	--	---	---	---	---	---	---

Unsecured Loans

		4	7	1	.	2	8
--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

	1	3	1	3	.	0	6
--	---	---	---	---	---	---	---

Work-in-Progress

			5	0	.	4	3
--	--	--	---	---	---	---	---

Investments

				0	.	1	5
--	--	--	--	---	---	---	---

Net Current Assets

	1	2	3	5	.	8	4
--	---	---	---	---	---	---	---

Misc. Expenses

					N	I	L
--	--	--	--	--	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

IV) Performance of Company

Turnover

	1	1	1	5	3	.	2	2
--	---	---	---	---	---	---	---	---

Total Expenditure

	1	0	2	8	8	.	6	6
--	---	---	---	---	---	---	---	---

Profit/(Loss) before Tax

+		9	0	5	.	1	7
---	--	---	---	---	---	---	---

Profit / (Loss) after Tax

+		5	9	0	.	0	2
---	--	---	---	---	---	---	---

(Please tick appropriate box + for Profit, – for Loss)

Earning per share in Rs.

			5	9	.	0	0
--	--	--	---	---	---	---	---

Dividend Rate

	2	5	%
--	---	---	---

Generic Names of Three Principal Products / Services of Company (as per monetary terms) Permitted

Item Code No.

	3	6	0	2	0	0	.	0	9
--	---	---	---	---	---	---	---	---	---

Product Description

I	N	D	U	S	T	R	I	A	L
E	X	P	L	O	S	I	V	E	S

Item Code No.

			2	5	3	0	.	1	0
--	--	--	---	---	---	---	---	---	---

Product Description

P	E	R	L	I	T	E
---	---	---	---	---	---	---