

**ELANGO INDUSTRIES LIMITED**  
Regd. Off. No.5, Ranganathan Garden  
Anna Nagar, Chennai – 600 040

**NOTICE**

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of **ELANGO INDUSTRIES LIMITED** will be held on Thursday, 29<sup>th</sup> day of September 2011 at 11.00 A.M. at the registered office of the company situated at No. 5, Ranganathan Garden, 15<sup>th</sup> Main Road, Anna Nagar, Chennai – 600040 to transact the following business:

**I. Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 together with the Reports of the Board of Directors and Auditor thereon.
2. To Appoint a Director in place of Mr. S.A. Premkumar who retires by rotation and being eligible offers himself for re-appointment.
3. To Appoint a Director in place of Mr. R. Ramesh who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration.

**BY ORDER OF THE BOARD  
FOR ELANGO INDUSTRIES LIMITED**

  
**S.ELANGO VAN  
CHAIRMAN**

**PLACE: CHENNAI  
DATE: July 27, 2011**

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxy in order to be effective must be received by the company not less than 48 hours before the meeting.
2. Register of members and Share Transfer Book shall remain close from 23<sup>rd</sup> September 2011, to 29<sup>th</sup> September 2011 (both days inclusive).
3. Members are requested to notify immediately any change of address.

**ELANGO INDUSTRIES LIMITED**  
**NO.5 RANGANATHN GARDEN,**  
**ANNA NAGAR, CHENNAI – 600040.**

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have great pleasure in presenting the Twenty Second Annual Report of the Company together with the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2011, the profit and loss Account for the year ended on that date and the Auditors Report thereon.

| <b>FINANCIAL RESULTS</b>           |                  |                |
|------------------------------------|------------------|----------------|
| <b>PARTICULARS</b>                 | <b>Rs. Lakhs</b> |                |
|                                    | <b>2010-11</b>   | <b>2009-10</b> |
| Net sales                          | -                | -              |
| Other income                       | 30.38            | 31.45          |
| Profit Before Depreciation and Tax | 7.65             | 22.47          |
| Depreciation                       | 2.37             | 2.76           |
| Profit before tax                  | 5.28             | 19.71          |
| Less: Provision for Tax            | -                | -              |
| Profit after Tax                   | 5.28             | 19.71          |
| Add: Profit brought forward        | 191.42           | 171.97         |
| Profit Carried to Balance Sheet    | 196.70           | 191.42         |

**DIVIDEND**

Considering financial performance, Your Directors have not declared any Dividend for this year.

**BUSINESS PERFORMANCE**

Your company, which temporarily parked its fund in power generating company, did bring returns in the form of dividend for the current year as well. The dividend amount received was Rs.30.38 lakhs. Not satisfied with dividend income alone your company has started bidding for EPC contract for power plants as well. Its efforts may be fruitful and will bring rich reward shortly. Your company will be focusing on EPC contract for power plant for the foreseeable future.

**DEPOSITS**

No Fixed Deposits were accepted by the company during the year.

**DIRECTORS**

In accordance with the provisions of the companies Act 1956, and the Company's Articles of Association, Shri.S.A.Premkumar, Director and Shri R.Ramesh, Director of the Company, who Retire by rotation and being eligible, offer themselves for re-appointment.

**DELISTING OF SHARES**

Considering low trading of the company shares in Ahmedabad Stock Exchange and Madras Stock Exchange, Board of Directors decided in their meeting held on 27.04.2011 to delist company shares from Ahmedabad Stock Exchange and Madras Stock Exchange. However company shares will remain listed on the Bombay Stock Exchange.

## **FUTURE OUTLOOK**

The Company has invested its surplus funds temporarily in power generating company and it has generated income in the form of a dividend to the tune of Rs.30,38,000/-.

Now the company is planning to take a major job in constructing and establishing power Plants. It is a growth-oriented area and the company has rich experience in this area. Under the present scenario it is better to stay afloat and therefore your company's focus should be on "Processing and Service Activity". So started approaching many Industries to provide consultancy services for Power Plant especially in Construction Activities. Sincere efforts would never go waste. Soon your company will conclude an order for a portion of EPC contract for power generating company.

For a foreseeable future your company will be focusing on EPC contract for power plant and once, our country and world economy, come out of recession it will put up its own power plant.

## **AUDITORS**

V.SENTHILNATHAN & CO., Chartered Accountants, Chennai, the Statutory Auditors of the Company who shall hold office till the Twenty Second Annual General Meeting have consented for appointment. The Board recommends their re-appointment. The notes to accounts forming part of the financial statements are self-explanatory need no further explanation. There are no qualifications or adverse comments in the Auditors Report, which require any clarification/explanation.

## **DISCLOSURES**

As required under Sections 217 (1) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Directors) Rules, 1988, the relevant information and data with respect to Energy Conservation measures, progress made in Technology Absorption and Foreign Exchange Earnings and Outgo have been provided in Annexure -A attached to this Report, and form part of this Report.

## **PARTICULARS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1917**

No Employee of the company is drawing a remuneration exceeding Rs.60,00,000/- p.a., or Rs.5,00,000/- p.m. Hence no particulars of Employees as required under Section 217 (2A) of the companies Act, 1956 need to be furnished.

## **DIRECTORS RESPONSIBILITY STATEMENT**

### **Your Directors Confirm:**

A) That in preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures

B) 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 ended 31<sup>st</sup> March, 2011.

C) That the Directors have taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31<sup>st</sup> March, 2011 in accordance with the provisions of

the Companies Act, 1956 for safeguarding the assets of the company and for the prevention and detection of Fraud and other irregularities.

D) That the Directors have prepared the Annual Accounts on an ongoing basis.

### **MANAGEMENT DISCUSSION & ANALYSIS REPORT (MDA)**

The Management Discussion & Analysis of the company is attached to this Report.

### **CORPORATE GOVERNANCE**

As per the requirement of clause 49 to listing Agreement, a Corporate Governance Report is enclosed.

### **ACKNOWLEDGEMENT**

Your Directors would like to place on record their gratitude to the members for their continued support and confidence. Your Directors also would like to thank the staff members at various levels both at the office and at factory for their committed services for the company.

**By Order of the Board  
For ELANGO INDUSTRIES LIMITED**



**S.ELANGO VAN  
Chairman & Managing Director**

**Place : Chennai  
Date : July 27, 2011**

## ANNEXURE TO DIRECTORS' REPORT

Information Pursuant to Section 217 (1) & (2) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988:

**FORM A:** Form of Disclosure of particulars with respect to Conservation of Energy.

**A. Power and Fuel Consumption:**

| Current Year | Previous year |
|--------------|---------------|
| 2010-2011    | 2009-2010     |

*Electricity*

|   |     |     |
|---|-----|-----|
| a) Purchased Unit   | --- | --- |
| Total Amount (in Rs.)   | --- | --- |
| Rate per Unit (in Rs.)  | --- | --- |
| b) Own Generation   |     |     |
| 1. Through Diesel Generation  |     |     |
| Under per Ltr. of Diesel Oil  | NIL | NIL |
| 2. Through Steam Turbine/<br>Generation (unit) Unit per<br>Ltr. of Fuel Oil /Gas cost<br>Unit | NIL | NIL |
| Cost (specify quality and where<br>used)  | NIL | NIL |
| Quantity (tonnes)   |     |     |
| Total Cost  | NIL | NIL |
| Rate / Unit   |     |     |
| <b>B. Consumption per Unit of Production</b>  |     |     |
| Electricity (unit per ton)  | NIL | NIL |
| Coal (specify quantity)   | NIL | NIL |
| Other (specify)   | NIL | NIL |

**FORM B :**

|                                    | Current Year<br>2010-2011 | Previous year<br>2009-2010 |
|------------------------------------|---------------------------|----------------------------|
| a. Technical Absorption            | NIL                       | NIL                        |
| b. Foreign Exchange Earnings       | NIL                       | NIL                        |
| c. Foreign Exchange Outgo (in Rs.) | NIL                       | NIL                        |

# ELANGO INDUSTRIES LIMITED

No. 5, Ranganathan Gardens,  
Anna Nagar, Chennai - 600 040

## BALANCE SHEET AS ON MARCH 31, 2011

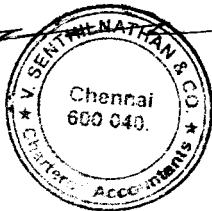
|   | Sch.<br>No. | (Amt. In Rs. )      |                     |
|---|-------------|---------------------|---------------------|
|   |             | As on<br>31-03-2011 | As on<br>31-03-2010 |
| <b><u>SOURCES OF FUNDS</u></b>          |             |                     |                     |
| <b>SHARE HOLDERS' FUND</b>              |             |                     |                     |
| Share Capital                           | I           | 3,82,16,000         | 3,82,16,000         |
| Reserves & Surplus                      | II          | 1,96,70,226         | 1,91,42,174         |
|   |             | <b>5,78,86,226</b>  | <b>5,73,58,174</b>  |
| <b><u>APPLICATION OF FUNDS</u></b>      |             |                     |                     |
| <b>FIXED ASSETS</b>                     |             |                     |                     |
| Gross Block                             | IV          | 56,28,689           | 56,28,689           |
| Less : Depreciation                     |             | 41,62,003           | 39,24,596           |
| <b>Net Block</b>                        |             | <b>14,66,686</b>    | <b>17,04,093</b>    |
| Investments                             | III         | 3,06,30,000         | 3,06,30,000         |
| Current Assets, Loans & Advances        | V           | 2,64,89,817         | 2,53,48,504         |
| Less : Current Liabilities & Provisions | VI          | 7,00,277            | 3,24,423            |
| <b>Net Current Assets</b>               |             | <b>2,57,89,540</b>  | <b>2,50,24,081</b>  |
|   |             | <b>5,78,86,226</b>  | <b>5,73,58,174</b>  |
| Notes on Accounts                       | IX          |                     |                     |


Schedules referred to above form an integral part of this Balance Sheet.

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

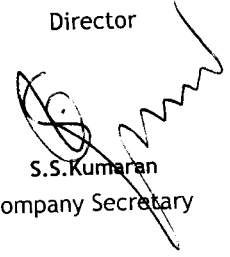
for V.SENTHILNATHAN & Co.,  
Chartered Accountants  
ICAI/F.NO:003711S

(V. SENTHILNATHAN)  
Partner  
M.NO.024244



  
S. Elangovan  
Managing Director

  
S.A. Premkumar  
Director

  
S.S. Kumaran  
Company Secretary

Place : Chennai  
Date : July 27, 2011

**ELANGO INDUSTRIES LIMITED**  
No. 5, Ranganathan Gardens,  
Anna Nagar, Chennai - 600 040

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH 2011

|                                    | Sch.<br>No. | As on<br>31-03-2011 | As on<br>31-03-2010 |
|------------------------------------|-------------|---------------------|---------------------|
| <b><u>A. INCOME</u></b>            |             |                     |                     |
| Sales                              | VII         | 30,38,000           | 31,44,872           |
| Other Income                       |             | -                   | -                   |
| TOTAL ( A )                        |             | 30,38,000           | 31,44,872           |
| <br><b><u>B. EXPENSES</u></b>      |             |                     |                     |
| Administrative Expenses            | VIII        | 22,72,541           | 8,97,593            |
| Depreciation                       | III         | 2,37,407            | 2,76,050            |
| TOTAL ( B )                        |             | 25,09,948           | 11,73,643           |
| Profit/(Loss) before Tax ( A - B ) |             | 5,28,052            | 19,71,229           |
| Provision for Tax                  |             | -                   | 25,814              |
| Profit/(Loss) After Tax            |             | 5,28,052            | 19,45,415           |
| EPS                                |             |                     |                     |
| Basic                              |             | 0.14                | 0.51                |
| Diluted                            |             | 0.14                | 0.51                |

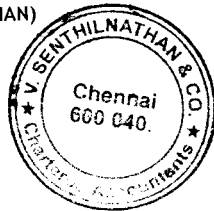
Schedules referred to above form an integral part of this Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

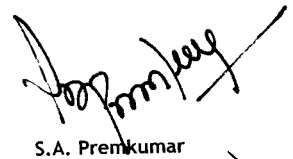
for V.SENTHILNATHAN & Co.,  
Chartered Accountants  
ICAI/F.NO:003711S



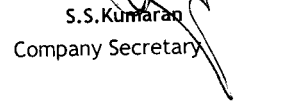
(V. SENTHILNATHAN)  
Partner  
M.NO.024244



S. Elangovan  
Managing Director



S.A. Premkumar  
Director

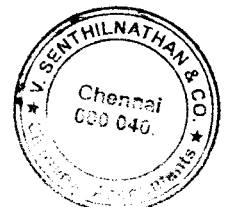
  
S.S. Kumaran  
Company Secretary

Place : Chennai  
Date : July 27, 2011

**ELANGO INDUSTRIES LIMITED**  
No. 5, Ranganathan Gardens,  
Anna Nagar, Chennai - 600 040

**SCHEDULES FORMING PART OF THIS ACCOUNT**

|  | ( Amt. In Rs. )       | ( Amt. In Rs. )       |
|--|-----------------------|-----------------------|
|  | AS ON<br>31-03-2011   | AS ON<br>31-03-2010   |
| <b>SCHEDULE - I</b>  |                       |                       |
| <b>SHARE CAPITAL</b>   |                       |                       |
| <u>Authorised Capital</u><br>40,00,000 Equity Shares of Rs.10/- each   | 4,00,00,000           | 4,00,00,000           |
| <u>Issued Capital</u><br>38,38,100 Equity Shares of Rs.10/- each   | 3,83,81,000           | 3,83,81,000           |
| <u>Subscribed Capital</u><br>38,38,100 Equity Shares of Rs.10/- each   | 3,83,81,000           | 3,83,81,000           |
| <u>Paid up Capital</u><br>38,16,100 Equity Shares of Rs.10/- each<br>Add : 22,000 Forfeited Shares Rs.10/- each<br>Rs. 2.50 paid | 3,81,61,000<br>55,000 | 3,81,61,000<br>55,000 |
| <b>TOTAL</b>   | <b>3,82,16,000</b>    | <b>3,82,16,000</b>    |
| <b>SCHEDULE - II</b>   |                       |                       |
| <b>RESERVES &amp; SURPLUS</b>  |                       |                       |
| Subsidy  | 25,281                | 25,281                |
| General Reserve  | 50,00,000             | 50,00,000             |
| <b>Profit &amp; Loss Account</b>   |                       |                       |
| Opening Balance  | 1,41,16,893           | 1,21,71,478           |
| Add: Profit / (Loss) during the year   | 5,28,052              | 19,45,415             |
| Sub - Total  | 1,46,44,945           | 1,41,16,893           |
| <b>TOTAL</b>   | <b>1,96,70,226</b>    | <b>1,91,42,174</b>    |
| <b>SCHEDULE - III</b>  |                       |                       |
| <b>INVESTMENTS</b>   |                       |                       |
| <u>Unquoted:</u>   |                       |                       |
| Investment in Other Company(s)   |                       |                       |
| Kaveri Gas Power Limited   |                       |                       |
| 25,000 Equity Shares @ Rs. 10/- each fully paid up   | 2,50,000              | 2,50,000              |
| 30,38,000 Preference Shares @ Rs. 10/- each fully paid up  | 3,03,80,000           | 3,03,80,000           |
| <b>TOTAL</b>   | <b>3,06,30,000</b>    | <b>3,06,30,000</b>    |

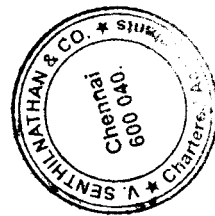




ELANGO INDUSTRIES LIMITED  
CHENNAI - 600 040

SCHEDULE IV  
SCHEDULE FOR DEPRECIATION & FIXED ASSETS UNDER THE COMPANIES ACT FOR THE YEAR 31-03-2011

| Particulars             | ROD<br>in % | GROSS BLOCK         |          |          |                              | DEPRECIATION        |                 |          |                              | NET BLOCK           |                     |
|-------------------------|-------------|---------------------|----------|----------|------------------------------|---------------------|-----------------|----------|------------------------------|---------------------|---------------------|
|                         |             | As on<br>01-04-2010 | Addition | Deletion | Total<br>as on<br>31-03-2011 | As on<br>01-04-2010 | For the<br>Year | Deletion | Total<br>as on<br>31-03-2011 | As on<br>31-03-2010 | As on<br>31-03-2011 |
| Plant & Machinery       | 13.91%      | 41,59,731           | -        | -        | 41,59,731                    | 27,43,017           | 1,97,065        | -        | 29,40,082                    | 14,16,714           | 12,19,649           |
| Electrical Installation | 13.91%      | 9,30,970            | -        | -        | 9,30,970                     | 6,44,999            | 39,779          | -        | 6,84,778                     | 2,85,971            | 2,46,192            |
| Frinking Machine        | 13.91%      | 13,801              | -        | -        | 13,801                       | 13,801              | -               | -        | 13,801                       | -                   | -                   |
| Office Equipments       | 13.91%      | 16,050              | -        | -        | 16,050                       | 16,050              | -               | -        | 16,050                       | -                   | -                   |
| Computer                | 40.00%      | 5,05,125            | -        | -        | 5,05,125                     | 5,03,717            | 563             | -        | 5,04,280                     | 1,408               | 845                 |
| Cycle                   | 20.00%      | 3,012               | -        | -        | 3,012                        | 3,012               | -               | -        | 3,012                        | -                   | -                   |
| <b>Total</b>            |             | <b>56,28,689</b>    | <b>-</b> | <b>-</b> | <b>56,28,689</b>             | <b>39,24,596</b>    | <b>2,37,407</b> | <b>-</b> | <b>41,62,003</b>             | <b>17,04,093</b>    | <b>14,66,686</b>    |



SCHEDULE - V

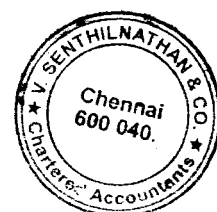
CURRENT ASSETS, LOANS & ADVANCES

|  |                    |                    |
|--|--------------------|--------------------|
| <b>1. CURRENT ASSETS</b>   |                    |                    |
| a. Sundry Debtors - Unsecured & Considered Good  | 9,96,205           | 9,96,205           |
| Debts outstanding for a period exceeding six months                                      |                    |                    |
| b. Others  | 40,00,000          | 40,00,000          |
| -Security Deposit for Contracts  |                    |                    |
| c. Cash & Bank Balances  | 94,634             | 95,400             |
| i) Cash on Hand  |                    |                    |
| ii) Balance with other banks   | 15,26,480          | 3,97,558           |
| - SBI  |                    |                    |
| d. Electricity Subsidy Due   | 1,09,96,636        | 1,09,96,636        |
| <b>2. LOANS &amp; ADVANCES</b>   |                    |                    |
| (Unsecured considered good - recoverable in Cash or in Kind or for Value to be received) |                    |                    |
| i. Advances and Loans to Other Company(s)  | 43,00,000          | 43,00,000          |
| - Cauvery Power Trading Chennai Ltd  | 23,08,932          | 23,08,932          |
| - Ankit Ispat Pvt. Ltd   | 2,00,000           | 2,00,000           |
| - Rent Advance   | 13,157             | -                  |
| - Staff Advance  |                    |                    |
| ii. Balance with Statutory Authorities   | 5,000              | 5,000              |
| - Sales Tax Deposits   | 17,76,645          | 17,76,645          |
| - Excise Duty  | 15,827             | 15,827             |
| - TDS Receivable 2009-10   | 58,485             | 58,485             |
| - TDS Receivable 2008-09   | 1,97,816           | 1,97,816           |
| - Self Assessment Tax 05-06 - MAT  |                    |                    |
| <b>TOTAL CURRENT ASSETS</b>  | <b>2,64,89,817</b> | <b>2,53,48,504</b> |

SCHEDULE - VI

CURRENT LIABILITIES & PROVISIONS

|                                  |                 |                 |
|----------------------------------|-----------------|-----------------|
| <b>A. Sundry Creditors</b>       |                 |                 |
| - Creditors for Expenses         | 4,800           | 2,506           |
| <b>B. Provisions</b>             | 3,91,850        | 26,215          |
| - Staff & Workers Salary Payable | 406             | -               |
| - O/s Liabilities & Expenses     | 33,586          | -               |
| - TDS Payable - FY 2010-11       | -               | 26,067          |
| - TDS Payable - FY 2009-10       | 49,635          | 49,635          |
| - Audit Fees Payable             | 2,20,000        | 2,20,000        |
| - Provision for MAT - 2005-06    | -               | -               |
| <b>C. Advances &amp; Loans</b>   |                 |                 |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>7,00,277</b> | <b>3,24,423</b> |



SCHEDULE - VII

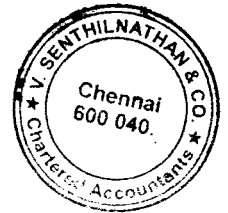
OTHER INCOME

|   |                  |                  |
|---|------------------|------------------|
| Interest On deposits  | -                | 1,06,872         |
| Dividend on Other Investments(Shares)<br>(Dividend form M/s.Kaveri Gas Power Ltd) | 30,38,000        | 30,38,000        |
| <b>TOTAL</b>  | <b>30,38,000</b> | <b>31,44,872</b> |

SCHEDULE - VIII

ADMINISTRATIVE EXPENSES

|                             |                  |                 |
|-----------------------------|------------------|-----------------|
| Advertisement Expenses      | 28,640           | 16,376          |
| Auditor's Remuneration      | 55,150           | 55,150          |
| Bank charges & Commission   | 1,084            | 2,024           |
| Bonus & Incentive           | 74,242           | 16,000          |
| Custodial Fee- NSDL & CDSL  | 14,888           | 15,277          |
| Demat Expenses              | 27,575           | 28,686          |
| Legal & Secretarial charges | 2,61,675         | 8,000           |
| Listing fee                 | 11,072           | 11,072          |
| Administrative Expenses     | 1,419            | 1,63,858        |
| Office Expenses             | 6,822            | 3,00,000        |
| Postage Expenses            | 2,125            | 1,378           |
| Printing & Stationery       | 20,730           | 12,680          |
| Secretarial Fees            | 1,12,401         | 17,030          |
| Staff & Workers Salary      | 16,54,718        | 2,50,062        |
| <b>TOTAL</b>                | <b>22,72,541</b> | <b>8,97,593</b> |



**ELANGO INDUSTRIES LIMITED**  
**No.5, Ranganathan Gardens**  
**Anna Nagar, Chennai – 600 040**

**SCHEDULE IX**

**NOTES ON ACCOUNT FOR THE YEAR ENDED ON 31-03-2011**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements are prepared under Historical Cost Convention on Accrual Basis of accountings.

**2) USE OF ESTIMATES**

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates.

- 3) The Company is a Small and Medium sized company (SMC) as defined in the general instructions in respect of accounting standards notified under the companies Act 1956. Accordingly, the company has compiled with the accounting standards as applicable to a Small and Medium Sized Company.**

**4) FIXED ASSETS**

Expenditure which are of a capital nature are capitalized at cost, which comprises of purchase price of materials, labour, consultancy charges and directly attributable cost of bringing the assets to its working conditions for the intended use.

**5) DEPRECIATION**

Depreciation is provided on written down value basis as per the rates prescribed under Schedule XIV of the companies Act, 1956.

**6) VALUATION OF INVENTORY**

The company does not have any Inventory as on 31.3.2011.

## **7) IMPAIRMENT OF ASSETS**

An asset is concerned as impaired in accordance with Accounting Standard 28 on 'Impairment of Assets', when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exists is recoverable amount (i.e. the higher of the asset's net selling price and value in use). There were no reduction or gain against the carrying amount to the recoverable amount and no effect for the impairment is recognized in the profit and loss account.

## **8) REVENUE RECOGNITION**

Dividend income is recognized on receipt basis.

## **9) CONTINGENT LIABILITY**

Contingent liabilities as defined in accounting standard 29 on "provisions, contingent liabilities and contingent assets" are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability. There were no transactions covered under this category and no provision has been made during this year.

## **10) ACCOUNTING FOR TAXES ON INCOME**

Income taxes are accounted for in accordance AS 22 "Accounting for Taxes and Income" issued by the ICAI. Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing difference between taxable income and accounting income that are capable of reversing in or more subsequent periods and or measured using relevant enacted tax rates. At each Balance Sheet, the Company reassesses unrecognized deferred tax assets to the extent they have become reasonably certain or virtually certain of realization, as the case may be.

## **11) EMPLOYEE BENEFITS**

### **Defined Contribution Plan**

The Company has defined contribution plans for employees. But there are no permanent employees during the financial year. Hence there is no Contributions Paid/Payable to these plans during the financial year.

## 12) INVESTMENT

The investment of Rs.2,50,000/- in the Equity Shares of "M/s.Kaveri Gas Power Limited" and investment of Rs.3,03,80,000/- in the Preference Shares of "M/s.Kaveri Gas Power Limited", under the same management whose shares are unquoted are valued at cost. The Management is of the opinion that there is no diminishing value on these Investments.

## 13) FOREIGN CURRENCY TRANSACTION

There is no foreign currency transaction during the financial year 2010-11, hence there is no exchange difference.

## 14) SEGMENT REPORTING

The Company is engaged primarily in the business of manufacturing steel Ingots from the scrap materials and there are no separate reportable segments as per Accounting Standard (AS) 17 "Segment Reporting"

## 15) RELATED PARTY TRANSACTION

In accordance with Accounting standard (AS) 18, the disclosures required as given below:

| Particulars      | Subsidiary Company | Other Company(s)  | Key Management Personnel                      | Financial Year Ended 31.03.2011   | Financial Year Ended 31.03.2010   |
|------------------|--------------------|---|---|---|---|
| Loans & Advances | N.A.               | Cauvery Power Trading Chennai Ltd (Formerly known as EGPK Steels Ltd) | S.Elangovan<br>S.A.Premkumar<br>K.S.Shanmugam | 43,00,000   | 43,00,000   |
| Remuneration     | N.A.               | Kaveri Gas Power Ltd  | S.Elangovan<br>S.A.Premkumar                  | 34,06,157/-<br>34,04,239/-  | 32,25,802/-<br>32,19,681/-  |
| Investment       | N.A.               | Kaveri Gas Power Ltd  |   | 2,50,000<br>(In Equity Shares)<br><br>3,03,80,000<br>(In Preference Shares) | 2,50,000<br>(In Equity Shares)<br><br>3,03,80,000<br>(In Preference Shares) |

16) EARNINGS PER SHARE:

The earnings considered in Companies Basis EPS is the not profit or loss to the Equity Share Holders as per AS – 20 “Earning Per Share” issued by ICAI

| Particulars   | Current Year<br>2010-11 | Previous Year<br>2009-10 |
|---|-------------------------|--------------------------|
| Profit after Tax  | 5,28,052                | 19,45,414                |
| Less: Dividend on preference shares<br>(Including corporate dividend tax)     | -                       | -                        |
| <b>Profit after tax for equity share holders- Basic (numerator)</b>           | <b>5,28,052</b>         | <b>19,45,414</b>         |
| Add/(Less): Exchange loss /(gain) on FCCBs'                                   | -                       | -                        |
| <b>Profit after tax for equity share holders- Diluted (numerator)</b>         | <b>5,28,052</b>         | <b>19,45,414</b>         |
| Earning per share – Basic   | 0.14                    | 0.51                     |
| Earning per share – Diluted   | 0.14                    | 0.51                     |
| Nominal value per share   | 10.00                   | 10.00                    |
| <b>Weighted average number of equity shares for Basic EPS (denominator)</b>   | <b>38,16,100</b>        | <b>38,16,100</b>         |
| <b>Weighted average number of equity shares for Diluted EPS (denominator)</b> | <b>38,16,100</b>        | <b>38,16,100</b>         |

17) DISCONTINUED OPERATIONS (PURSUANT TO AS 24):

|  |   |
|--|---|
| 1. Discontinued since                      | : 01.08.2003                              |
| 2. Segment                                 | : Primarily Manufacturing of Steel Ingots |
| 3. Carrying amount of total assets         | : Rs.5,85,86,503/-                        |
| 4. Carrying amount of total liabilities    | : Rs. 4,80,277/-                          |
| 5. Profit from ordinary activities         | : NIL                                     |
| 6. Income Tax expenses                     | : NIL                                     |
| 7. Gain on Disposal of Assets              | : NIL                                     |
| 8. Cash flow from discontinued operations. | :   |
| Operating activities                       | : } NIL                                   |
| Investing activities                       |   |
| Financial activities                       |   |

B. NOTES ON ACCOUNT

1. In the opinion, of the Board of Directors and to the best of their knowledge and belief, the value on realization of Current Assets, Loans and Advances in the ordinary course of business will not be less than the amount at which they are stated in the Balance sheet.
2. Auditors remuneration including service tax for the period ended 31.03.11 being Rs. 55,150/-
3. Confirmation of Balances from certain parties for the amounts due to them or due from them is yet to be received / reconciled.
4. For the year ended on March 31, 2011, the company has not generated any sales revenue from the Plant & Machinery capable of manufacturing 13,000 tons P.A of Steel Ingots from Metal Scraps during the financial year 2010-11 but earned only exempted dividend income from the investment in shares of companies.
5. The company received dividend of Rs.30, 38,000/- from the Investment in shares of the Companies.
6. The timing differences related mainly to depreciation and unabsorbed losses and the net effect of such differences will result in deferred tax asset or liability. The company has not earned any taxable income hence as a measure of prudence net deferred tax asset relating to the above period has not been recognized in the accounts.
7. Since there is no tax liability, no Provision for Income Tax has been made in the books of accounts as per the provisions of the Income Tax Act.

#### **8. MANAGERIAL REMUNERATION**

Payment of Managerial Remuneration and other benefits inclusive of perquisites not made to the Managing Director and Director against their option.

#### **9. MICRO, MEDIUM & SMALL ENTERPRISES ACT, 2006.**

In spite of the absence of a database identifying Creditors as Small Scale industrial Undertakings, it is the opinion of the management that there are no parties, which can be classified as Small Scale industrial Undertaking to whom the Company owes any sum. The Auditors have accepted the representation of the management in this matter.



10. As per the Business Plan prepared by the Management, they are exploring the possibilities to revive the manufacturing activities along with the present investment of surplus funds into the diversified projects.

According to the information and explanation given to us, we are of the opinion that the changes in the Fixed Assets have not affected the going concern status of the company.

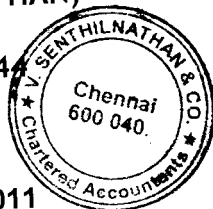
11. Figures shown in the accounts have been rounded off to the nearest rupee.

12. Schedules I to IX are annexed to and forming part of the accounts.

As per our Report of even date.

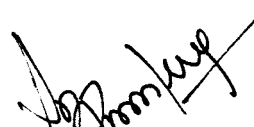
For V. SENTHILNATHAN & Co.,  
Chartered Accountants  
ICAI/F.No: 003711S

  
(V. SENTHILNATHAN)  
Partner  
M No: 2424



Place : Chennai  
Date : July 27, 2011

  
(S. ELANGO) V  
Managing Director

  
(S.A. PREM KUMAR)  
Director

  
S.S. KUMARAN  
Company Secretary



**ELANGO INDUSTRIES LIMITED**  
**No. 5, Ranganathan Gardens,**  
**Anna Nagar, Chennai - 600 040**

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2011**  
**TO CLAUSE 32 OF THE LISTING AGREEMENT**

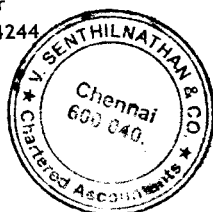
(Rs. '000)

|  |                |
|--|----------------|
| <b>CASH FLOW FROM OPERATIONS</b>                           |                |
| Net Profit before Taxation and Extra-Ordinary Items        | 528            |
| and adjustments for :                                      | 237            |
| Depreciation   | (3,038)        |
| Dividend Received  | -              |
| Interest Income  | -              |
| Interest Expenses  | (2,273)        |
| <b>Operating Profit before Working Capital Changes (A)</b> | <b>-</b>       |
| Decrease in Assets   | (13)           |
| Increase in Current Assets                                 | (24)           |
| Decrease in Liability                                      | 400            |
| Increase in Liabilities                                    | 363            |
| Cash Generated from Operations                             | 363            |
| <b>Cash Flow before Extra-Ordinary Items (B)</b>           | <b>(1,910)</b> |
| Profit after Extra-Ordinary Items ( A+B )                  | (1,910)        |
| <b>Net Cash from Operation Activities</b>                  | <b>-</b>       |
| <b>Cash Flow from Investment Activities</b>                | <b>-</b>       |
| Purchase of Fixed Assets / Investment                      | -              |
| Proceeds from Sale of Assets                               | -              |
| Proceeds from sale of investments                          | 3,038          |
| Dividend Received  | -              |
| Interest Received  | 3,038          |
| <b>Net Cash from Investment Activities</b>                 | <b>3,038</b>   |
| <b>Cash Flow from Financing Activities</b>                 | <b>-</b>       |
| Proceeds from Issue of Shares                              | -              |
| Proceeds from Long Term Borrowings                         | -              |
| Repayment of Long Term Borrowings                          | -              |
| Interest Paid  | -              |
| <b>Net Cash used in Financing Activities</b>               | <b>-</b>       |
| Net Increase in Cash & Cash equivalent                     | 1,128          |
| Cash & Cash equivalent at the beginning of the Period      | 493            |
| <b>Cash &amp; Cash equivalent at the end of the Period</b> | <b>1,621</b>   |
| <br>   |                |
| <b>Cash &amp; Cash equivalent at the end of the Period</b> | <b>95</b>      |
| -> Cash on Hand  | 95             |
| -> Balance with other banks                                | 1,526          |
| - SBI  | 1,621          |

We have verified the Cash Flow Statement for the year ended on 31st March, 2011 of with reference to the Audited Annual Accounts for the said period and found the same are in agrment therewith.

for V. SENTHILNATHAN & Co.,  
Chartered Accountants  
Firm Reg No: 0037115

(V. SENTHILNATHAN)  
Partner  
M.NO : 024244

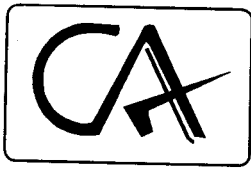


S. Elangovan  
Managing Director

S.A.Premkumar  
Director

S.S.Kumar  
Company Secretary





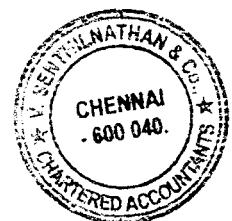
**V. SENTHILNATHAN & CO**  
Chartered Accountants

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**AUDITOR'S REPORT TO THE MEMBERS OF THE COMPANY**

The Members of **M/S. ELANGO INDUSTRIES LIMITED,**

1. We have audited the attached Balance Sheet of **M/S. ELANGO INDUSTRIES LIMITED**, No.5, RANGANATHAN GARDENS, ANNA NAGAR, CHENNAI -600 040, as at 31<sup>st</sup> March 2011 and the Profit and Loss Account 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. 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 statements 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 of India in terms of sub - section (4A) of section 227 of the Companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in paragraphs 4 and 5 the said Order.
4. Further to our comments in the Annexure referred to 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 purpose 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 of the Company.
  - (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 of the Company.





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- (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, to the extent applicable.
- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2011 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 2011 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, read together with the 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 the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011; and
- b) In the case of the Profit and Loss Account, of the profit/loss for the year ended on that date: and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

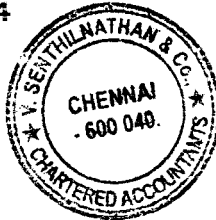
**For V. SENTHILNATHAN & Co.,**  
**Chartered Accountants**  
**ICAI.F.No: 003711S**

  
**(V.SENTHILNATHAN)**

**Partner**

**M. No: 24244**

Place : Chennai.  
Date : 27.07.2011





**V. SENTHILNATHAN & CO**  
Chartered Accountants

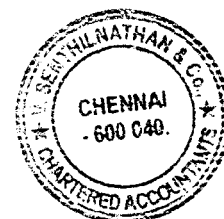
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**ANNEXURE**

**M/S. ELANGO INDUSTRIES LIMITED**

Referred to in paragraph 3 of our report of even date.

- [ i ] [a] The Company has maintained proper records showing full particulars including quantitative details of its fixed assets.
- [b] All the 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. No material discrepancies were noticed on such verification.
- [c] During the year there was no disposal of fixed assets by the Company.
- [ii] As the Company does not possess any Inventories during this year, the provisions of clause 4(ii) of the Companies (Auditors Report) Order, 2003 are not applicable.
- [iii] In our opinion, no loans that has been taken from / granted to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 is not, prima facie, prejudicial to the interest of the Company
- [iv] In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of goods, 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 weaknesses in internal controls.
- [v] According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

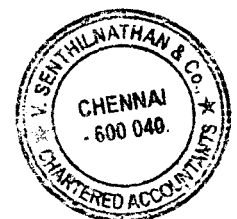


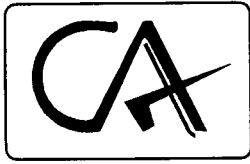


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- [vi] In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public under the provisions of sections 58(A) and 58(AA) of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 (as per our report).
- [vii] In our opinion, the Company has an in-house internal audit system commensurate with the size and nature of its business.
- [viii] We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the central government for the maintenance of cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are made applicable, and are of the opinion that prima facie prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.
- [ix] (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, custom duty, excise duty, cess and other material statutory dues applicable to it except sales tax.
- (b) According to the information and explanation given to us, the undisputed amount payable in respect of sales tax arrears for a period of more than six months from the date they became payable is Rs.85,454/- (Previous Year Rs.85,454/-).
- (c) On the basis of our examination of the documents and records of the Company and the information and explanations given to us upon our enquiries in this regards, disputed amounts payable in respect of income-tax not deposited with the appropriate authorities is Rs.27,59,978/- (Previous Year Rs.27,59,978/-).
- [x] The Company has not incurred cash losses during the financial year covered by our audit and 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 institutions, bank or debenture holders. Hence, the provisions of clause 4(xi) of the Companies (Auditors Report) Order, 2003 are not applicable.

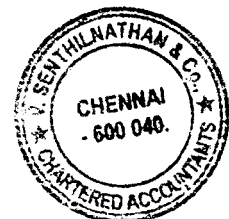




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- [xii] We are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year under consideration. Accordingly the provisions of clause 4(xii) of the Companies (Auditors Report) Order, 2003 are not applicable.
- [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 (Auditors Report) Order, 2003 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 are not applicable to the Company.
- [xv] According to the information given to us, we are of the opinion that the Company has not given any guarantee for loans taken by an associate Company. Hence the provisions of clause 4(xv) of the Companies (Auditors Report) Order, 2003 are not applicable.
- [xvi] In our opinion, no term loan has been availed by the Company. Hence the provisions of clause 4(xvi) of the Companies (Auditors Report) Order, 2003 are not applicable.
- [xvii] As we were not able to establish any audit trail of fund flows which can correlate end use with corresponding funds raised, 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 in nature have been used for long term investment and vice versa.
- [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. Hence the provisions of clause 4(xviii) of the Companies (Auditors Report) Order, 2003 are not applicable.
- [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. Hence the provision of clause 4 (xix) of the Companies (Auditors Report) Order, 2003 are not applicable.





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Chartered Accountants

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- [xx] During the period covered by our audit report, the Company has not raised any money through public issue. Hence, the provisions of Clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- [xxi] According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For V.SENTHILNATHAN & CO.,**  
**Chartered Accountants**  
**ICAF.NO: 003711S**

**(V.Senthilnathan)**  
**Partner**  
**M.No.: 024244**

Place : Chennai  
Date : 27.07.2011

