



ELANGO
INDUSTRIES



Elango

Industries Limited

ELANGO INDUSTRIES LIMITED**Registered Office**

No.5, Ranganathan Garden,
15th Main Road Extn.,
Anna Nagar
Chennai - 600 040

Works

Maruthur Village
Therizhandur (PO)
Mayiladuturai
Nagai District

Board of Directors

Shri. S. Elangovan - Chairman & Managing Director
Shri. S.A .Premkumar - Director
Shri. K. S. Shanmugam - Director
Shri. V.R. Subramanian - Director - Independent
Shri V. Narayanan - Director - Independent
Shri R. Ramesh - Director - Independent

Bankers

State Bank of India

Auditors

M/s. V. Senthilnathan & Co.,
Chartered Accountants
Chennai - 600 040.

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of ELANGO INDUSTRIES LIMITED will be held on Thursday, 23rd day of September 2010 at 11.00 A.M. at the registered office of the company situated at No. 5, Ranganathan Garden, 15th 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 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010 together with the Reports of the Board of Directors and Auditor thereon.
2. To Appoint a Director in place of Mr. V. Narayanan who retires by rotation and being eligible offers himself for re-appointment.
3. To Appoint a Director in place of Mr. K.S.Shanmugam 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 LTD
CHAIRMAN

PLACE: CHENNAI

DATE: 23rd JULY 2010

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 closed from 17th September 2010, to 23rd September 2010(both days inclusive).
3. Members are requested to notify immediately any change of address.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting the Twenty First Annual Report of the Company together with the Audited Balance Sheet of the Company as at 31st March, 2010, the profit and loss Account for the year ended on that date and the Auditors Report thereon.

FINANCIAL RESULTS

| PARTICULARS | Rs. Lakhs | |
|------------------------------------|-----------|---------|
| | 2009-10 | 2008-09 |
| Net sales | - | - |
| Other income | 31.45 | 30.38 |
| Profit Before Depreciation and Tax | 22.47 | 23.86 |
| Depreciation | 2.76 | 3.21 |
| Profit before tax | 19.71 | 20.65 |
| Less: Provision for Tax | - | - |
| Profit after Tax | 19.45 | 20.65 |
| Add: Profit brought forward | 171.97 | 151.32 |
| Profit Carried to Balance Sheet | 191.42 | 171.97 |

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 till our economy fully recovers from recession.

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.V.Narayanan, Director and Shri K.S. Shanmugam, Director of the Company, who Retire by rotation and being eligible, offer themselves for re-appointment.

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 First 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.24,00,000/- p.a., or Rs.2,00,000/- 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 31st March, 2010.
- C) That the Directors have taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March, 2010 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

PLACE: CHENNAI

DATE: 23rd JULY 2010

S.ELANGO VAN
Chairman & Managing Director

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.

| | | |
|--|---------------------|----------------------|
| | Current Year | Previous year |
| | 2009-2010 | 2008-2009 |

A. Power and Fuel Consumption :

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/ Generation (unit) Unit per | | |
| Ltr. of Fuel Oil /Gas cost Unit | NIL | NIL |
| Cost (specify quality and where used) | NIL | NIL |

Quantity (tonnes)

| | | |
|-------------|-----|-----|
| Total Cost | | |
| Rate / Unit | NIL | NIL |

B. Consumption per Unit of Production

| | | |
|----------------------------|-----|-----|
| Electricity (unit per ton) | NIL | NIL |
| Coal (specify quantity) | NIL | NIL |
| Other (specify) | NIL | NIL |

FORM B :

| | | |
|------------------------------------|---------------------|----------------------|
| | Current Year | Previous year |
| | 2009-2010 | 2008-2009 |
| a. Technical Absorption | NIL | NIL |
| b. Foreign Exchange Earnings | NIL | NIL |
| c. Foreign Exchange Outgo (in Rs.) | NIL | NIL |

CORPORATE GOVERNANCE REPORT

Your company is committed to observe and practice high standard of Corporate Governance in all its affairs, processes, policies, systems and procedures. The Board of Directors shall endeavor to create an environment of fairness, equity and transparency in transactions with the underlying objective of securing long term shareholder value creation and enhancement while, at the same time, respecting the rights of all stakeholders viz., Banks, Employees, Central and State Governments and the society at large.

The Board of Directors is developing Corporate Governance guidelines to facilitate due discharge of corporate responsibilities to all stakeholders. These guidelines would provide necessary authority and review mechanism for sustained improvement of governance standards.

BOARD OF DIRECTORS

In conformity with the Corporate Governance philosophy all statutory and other significant material information are placed before the Board of Directors to enable it to discharge its responsibility of superintendence, control and direction of management of strategic and day-to-day affairs of the Company. The Board of Directors currently consists of Six Members. Other than the Managing Director and one whole time Director and all other members of the Board are non-executive directors including three independent directors.

MEETINGS OF THE BOARD

The Board Meetings are held at the Corporate Office. The Agenda for the meeting are prepared by the Company Secretary in consultation with the Managing Director. The notes for consideration of Agenda items are circulated to the Directors. The Company is now improving these practices so as to enable more effective and fruitful participation by the Board. The Board meets at least once in a quarter. The following information would be placed before the Board.

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. Show cause, demand, prosecution notices and penalty notices, which are material important.
6. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
7. Details of any joint venture or Collaboration Agreement.
8. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
9. Non-compliances of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

During the Financial Year 2009-10, Five 6 Board Meetings were held on the following dates:
And not more than four meetings elapsed between any two meetings.

| S. No. | Date, Month & Year of Board Meeting |
|---------------|--|
| 1. | 28th April 2009 |
| 2. | 7th July 2009 |
| 3. | 1st August 2009 |
| 4. | 12th October 2009 |
| 5. | 18th November 2009 |
| 6. | 20th January 2010 |

Particulars of the Directors attendance at the Board Meeting and the last Annual General Meeting and particulars of their other company directorship and committee membership are given below:

| NAME | ATTENDANCE AT MEETINGS DURING 2008-09 NO. OF DIRECTORSHIP AND COMMITTEE MEMBERSHIP | | | |
|----------------------|---|-----------------|---------------------------|-----------------------------|
| | Board Meetings | Last AGM | Other Directorship | Committee membership |
| Mr. S. Elangovan | 6 | Yes | 5 | 4 |
| Mr. S.A. Prem Kumar | 6 | Yes | 5 | 4 |
| Mr. K.S. Shanmugam | 6 | Yes | 4 | 4 |
| Mr. V.R. Subramanian | 6 | Yes | 4 | 4 |
| Mr. V. Narayanan | 6 | Yes | 4 | 4 |
| Mr. R. Ramesh | 6 | Yes | 4 | 4 |

AUDIT COMMITTEE

The Audit Committee of the Company was constituted in the year 2009-10. The terms of reference of the Audit Committee are as given below, which cover all applicable matters specified under clause 49 of the listing agreement and Section 292A of the Companies Act, 1956.

1. Oversight of company's financial reporting process and disclosure of its financial information.
2. Recommendation to the Board for appointment and fixation of remuneration of Statutory Auditors.
3. Approval of payment to Auditors for other services.
4. Appointment and fixation of remuneration of Internal Auditors.
5. Review of Quarterly, Half yearly and Annual financial statements and all related statements before submission to the Board.
6. Review of action taken on observations of auditors.

7. Review in change in accounting policies and practices.
8. Review of disclosure of related party transactions.
9. Investigation into fraud and irregularities etc., and action taken thereon.
10. Review of company's financial and Risk Management Policies.
11. Review of compliance with Tax Laws.
12. Any other matter referred to the Audit Committee by the Board of Directors of the Company.

The members of the Audit Committee are:

- a) Mr. S.A. Prem Kumar
- b) Mr. V.R. Subramanian
- c) Mr. V. Narayanan
- d) Mr. R. Ramesh

The Composition of the Audit Committee is in conformity with clause 49 and Section 292A of the Companies Act, 1956. The Company's Managing Director, Chief Financial Officer, Statutory and Internal Auditors of the Company are permanent invitees to the Audit Committees meetings.

As required under clause 49 of the Listing Agreement, there were 4 meetings of the Audit Committee held during the financial Year 2009-10 on 28th April 2009 , 7th July 2009, 12th October 2009 and 20th January 2010.

The number of meetings attended by each member of the audit Committee is as follows:

| NAME OF THE MEMBER | NO. OF MEETINGS ATTENDED |
|----------------------|--------------------------|
| Mr. S.A. Prem Kumar | 4 |
| Mr. V.R. Subramanian | 4 |
| Mr. V. Narayanan | 4 |
| Mr. R. Ramesh | 4 |

REMUNERATION OF DIRECTORS

| NAME OF THE DIRECTOR | REMUNERATION (RS.) | SITTING FEES (RS.) |
|----------------------|--------------------|--------------------|
| Mr. S. Elangovan | Nil | Nil |
| Mr. S.A. Prem Kumar | Nil | Nil |
| Mr. K.S. Shanmugam | Nil | Nil |
| Mr. V.R. Subramanian | Nil | Nil |
| Mr. V. Narayanan | Nil | Nil |
| Mr. R. Ramesh | Nil | Nil |

ELANGO INDUSTRIES LIMITED**SHARE TRANSFER COMMITTEE**

The Board of Directors at its meetings held on on 28th April 2009 , 7th July 2009, 12th October 2009 and 20th January 2010, constituted the Share Transfer Committee consists of Mr. S. Elangovan, Mr. S.A. Prem Kumar and Mr. V.R. Subramanian.

The following are the terms of reference of Share Transfer Committee.

- a) To approve and register, transfer and transmission of equity shares.
- b) To register power of attorney or similar documents.
- c) To sub-divide, split, consolidate and issue share certificates.
- d) To affix or authorize affixation of Common Seal of the company on the share certificates, and
- e) To do all such acts, things and deeds as may be necessary and incidental of the exercise by the powers: provided that in doing so the Committee shall comply with the provisions of the Companies Act, Depositories Act, Listing Agreement, Securities Contracts (Regulation) Act and all other applicable laws.

GENERAL BODY MEETINGS

The last three Annual General Meetings were held as per details given below:

| YEAR | DATE | TIME | VENUE |
|------------|---------------------|-----------|---|
| FY 2008-09 | 29th September 2009 | 11:00 A.M | Regd. Office - 5, Ranganathan Garden, Anna Nagar, Chennai -40 |
| FY 2007-08 | 31st July 2008 | 11:00 A.M | Regd. Office - 5, Ranganathan Garden, Anna Nagar, Chennai -40 |
| FY 2006-07 | 28th September 2007 | 11:00 A.M | Regd. Office - 5, Ranganathan Garden, Anna Nagar, Chennai -40 |

All the resolutions, including special resolutions, were passed by the shareholders as set out in the respective notice. No resolutions were put through postal ballot during the last year.

CODE OF CONDUCT

The Board of Directors has adopted a code of conduct, applicable to directors and to employees of the Company. The Company has obtained declarations from all its directors and senior management personnel affirming their compliance with the code of conduct. The declaration by the Managing Director under clause 49 affirming compliance with the code of conduct by all members of the Board and Senior Management Personnel for the year ended March 31st, 2010 is attached to this Corporate Governance report.

DISCLOSURES

The particulars of transactions between the Company and its related parties, a defined in Accounting Standard 18, is set out in Schedule IX of Notes to Accounts to the financial statements.

SHARE TRANSFER SYSTEM

Share transfers are processed and approved, subject to receipt of all requisite documents. The Company seeks to ensure that all transfers are approved for registration within the stipulated period.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2010

| Share Holding Range | No. of Holders | % of Holders | No. of Shares | % of Shares |
|---------------------|----------------|--------------|------------------|-------------|
| Upto 500 | 7615 | 91.60 | 13,60,800 | 35.67 |
| 501 - 1000 | 432 | 5.19 | 3,43,800 | 9.01 |
| 1001-2000 | 182 | 2.19 | 3,06,300 | 8.02 |
| 2001-3000 | 24 | 0.29 | 59,500 | 1.57 |
| 3001-4000 | 10 | 0.12 | 36,100 | 0.94 |
| 4001-5000 | 9 | 0.10 | 38,000 | 0.97 |
| 5001-10000 | 24 | 0.30 | 2,21,200 | 5.79 |
| 10001 and above | 17 | 0.20 | 14,45,400 | 38.02 |
| Total | 8313 | 100 | 38,16,100 | 100 |

SHARE HOLDING PATTERN AS ON MARCH 31, 2010

| SHAREHOLDING | NO. OF SHAREHOLDERS | NO. OF SHARES | % OF TOTAL |
|-----------------------------------|---------------------|------------------|------------|
| Indian Promoters | 3 | 11,23,100 | 29.43 |
| Mutual Funds and UTI | --- | --- | --- |
| Private Corporate Bodies | 29 | 23,365 | 0.61 |
| Indian Public | 8,274 | 26,53,035 | 69.53 |
| NRI's/OCB's | 6 | 1,600 | 0.03 |
| Independent Directors & Relatives | Nil | Nil | Nil |
| Other Director | 1 | 15,000 | 0.40 |
| TOTAL | 8,313 | 38,16,100 | 100 |

PLANT LOCATION: Marathur Village,
Maiyladuthurai, Nagai Dt.

CURRENT MAJOR PROJECT LOCATION:

Marathur Village,
Maiyladuthurai, Nagai Dt.

NAME OF THE COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE:

S.S. Kumaran
Office - 5, Ranganathan Garden, Anna Nagar, Chennai - 600 040
Phone No. +91 44 4217 2116, Fax No. +91 44 4217 2118
email: eil@kaveripower.com

MEANS OF COMMUNICATION

The Quarterly results are usually published in News Today (in English) and Malaai Sudar (in vernacular language) " Dailies"

BOOK CLOSURE

The register of members and the share transfer book shall remain closed from 17th September 2010 to 23rd September 2010.

LISTING ON STOCK EXCHANGES

Madras Stock Exchange Limited (MSE) - Code No. NIL
Bombay Stock Exchange Limited (BSE) - Code No. 513452
Ahmedabad Stock Exchange Limited (ASE) - Code No. 15440

DEMATERIALIZATION OF SHARES AND LIQUIDITY :

No. of Shares dematerialized -15,96,875
No. of Shares dematerialized in percentage - 41.85

For and on Behalf of the Board of Directors
ELANGO INDUSTRIES LIMITED

PLACE: CHENNAI
DATE: 23rd JULY 2010

S. ELANGO VAN
CHAIRMAN & MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report of your Company for the year ended March 31, 2010 is submitted here. In this the Directors have attempted to include discussions on all specified matters to the extent relevant or within the limits that in their opinion are imposed by the Company's own competitive position.

COMPANY INDUSTRY STRUCTURE & DEVELOPMENTS

During the Financial Year 2005- 06, started a Gas based Power Plant through an SPV namely Kaveri Gas Power Limited, at Maruthur Village, Mayiladuturai T.K., Nagapattinam District. The company also received dividend for its investment for the period 2006-2007, 2007-2008 and 2008-2009..

REVIEW OF OPERATIONS / FINANCIAL RESULTS

The Financial Review is available in the Directors Report

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, comes out of recession it will put up its own power plant.

ENVIRONMENT & SAFETY

The Company is very conscious of the need to protect environment. Even though it has entered into power sector, which is highly polluting Industry, the choice of Technology, will limit its adverse impact on the environment. First the company chose Gas based power Generation that is considered as safest means to generate power. Due to limited availability of Gas the proposed power plant, though a coal based one, will adopt the new and latest Technology to contain the pollutants within tolerable and statutory limit for which nearly 10 % of the project cost will be spent.

OTHER MATTERS

There are no further or typical areas of risks or concerns outside the usual course of business foreseeable at this time. Internal control systems are found to be adequate and are continuously revived for further improvement.

CAUTIONARY STATEMENT

Statements in this "Management Discussion & Analysis" which seek to describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be "forward looking statements" with in the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include global and Indian demand-supply conditions, finished goods prices, stock availability and prices, cyclical demand and pricing in the company's markets, changes in the government regulations, tax regimes, economic developments within India and countries with which the company conducts business besides other factors, such as litigation and other labour negotiations.

For and on behalf of the Management Team

Chennai : 600 040

Date : 23rd July 2010

S. Elangovan

Chairman & Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS ENTERED INTO WITH THE STOCK EXCHANGE.

1. We have examined the compliance with the conditions of Corporate Governance by M/s Elango Industries Limited (the Company) for the year ended 31st March 2010 with the relevant records and documents maintained by the Company and furnished to us for our examination and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance with conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.
3. Based on the aforesaid examination and according to information and explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges for the year ended 31st March 2010.
4. We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Chennai - 40
Date : 23rd July 2010

(V. Senthilnathan)
Partner
M.No.24244

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 31st March 2010 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.
 - (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 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub - section (1) of section 274 of the Companies Act, 1956;

(vi) 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 31st March 2010; 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 -40.

Date : 23rd July, 2010.

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.
- [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.

[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.
- [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
ICAI / F.No. 003711S

(V.SENTHILNATHAN)

Partner
M.No.24244

Place : CHENNAI -40.

Date : 23rd July, 2010.

ELANGO INDUSTRIES LIMITED

No.5/3, Ranganathan Gardens, 15th Main Road Extn.,
Anna Nagar, Chennai - 600 040

BALANCE SHEET AS AT 31-03-2010**(Amt. in Rs.)**

| | Sch.No. | As on 31-Mar-2010 | As on 31-Mar-2009 |
|---|---------|----------------------|----------------------|
| <u>SOURCES OF FUNDS</u> | | | |
| SHARE HOLDERS' FUND | | | |
| Share Capital | I | 38,216,000 | 38,216,000 |
| Reserves & Surplus | II | 19,142,173 | 17,196,759 |
| | | ----- | ----- |
| | | 57,358,173 | 55,412,759 |
| | | ----- | ----- |
| <u>APPLICATION OF FUNDS</u> | | | |
| FIXED ASSETS | | | |
| Gross Block | IV | 5,628,689 | 5,628,689 |
| Less : Depreciation | | 3,924,595 | 3,648,545 |
| Net Block | | 1,704,094 | 1,980,144 |
| Investments | III | 30,630,000 | 30,630,000 |
| Current Assets, Loans & Advances | V | 25,348,503 | 23,102,073 |
| Less : Current Liabilities & Provisions | VI | 324,423 | 299,458 |
| Net Current Assets | | 25,024,080 | 22,802,615 |
| | | ----- | ----- |
| | | 57,358,173 | 55,412,759 |
| | | ----- | ----- |

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

Place : Chennai

Date : 23rd July 2010

S. Elangovan
Managing Director

S.A. Premkumar
Director

ELANGO INDUSTRIES LIMITED

No.5/3, Ranganathan Gardens, 15th Main Road Extn.,
Anna Nagar, Chennai - 600 040

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH 2010

| | | (Amt. in Rs.) | |
|---|---------|----------------------|----------------------|
| | Sch.No. | As on 31-Mar-2010 | As on 31-Mar-2009 |
| <u>A. INCOME</u> | | | |
| Sales | VII | 3,144,872 | 3,038,000 |
| Other Income | | ----- | ----- |
| | | 3,144,872 | 3,038,000 |
| | | ----- | ----- |
| TOTAL (A) | | | |
| <u>B. EXPENSES</u> | | | |
| Administrative Expenses | VIII | 897,593 | 651,868 |
| Depreciation | III | 276,050 | 321,127 |
| | | ----- | ----- |
| | | 1,173,644 | 972,995 |
| | | 1,971,228 | 2,065,005 |
| | | - | 138 |
| | | 25,814 | ----- |
| | | ----- | 2,064,867 |
| | | 1,945,414 | ----- |
| | | ----- | ----- |
| Profit/(Loss) before Tax (A - B) | | | |
| FBT Provision 05-06 (Reversed) | | - | - |
| MAT Paid FY 2005-06 (Interest Reversal) | | 25,814 | - |
| | | ----- | ----- |
| Profit/(Loss) After Tax | | 1,945,414 | 2,064,867 |
| | | ----- | ----- |
| EPS | | | |
| Basic | | 0.51 | 0.54 |
| Diluted | | 0.51 | 0.54 |

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

Place : Chennai

Date : 23rd July 2010

S. Elangovan
Managing Director

S.A. Premkumar
Director

ELANGO INDUSTRIES LIMITED

No.5/3, Ranganathan Gardens, 15th Main Road Extn.,
Anna Nagar, Chennai - 600 040

SCHEDULES FORMING PART OF THIS ACCOUNT

(Amt in Rs.)

| | As on 31-03-2010 | As on 31-03-2009 |
|--|---------------------|---------------------|
| SCHEDULE - I | | |
| SHARE CAPITAL | | |
| Authorised Capital 40,00,000 Equity Shares of Rs.10/- each | 40,000,000 | 40,000,000 |
| <u>Issued Capital</u> 38,38,100 Equity Shares of Rs.10/- each | 38,381,000 | 38,381,000 |
| <u>Subscribed Capital</u> 38,38,100 Equity Shares of Rs.10/- each | 38,381,000 | 38,381,000 |
| <u>Paid up Capital</u> 38,16,100 Equity Shares of Rs.10/- each | 38,161,000 | 38,161,000 |
| Add : 22,000 Forfeited Shares Rs.10/- each Rs. 2.50 paid | 55,000 | 55,000 |
| TOTAL | 38,216,000 | 38,216,000 |
| SCHEDULE - II | | |
| RESERVES & SURPLUS | | |
| Subsidy | 25,281 | 25,281 |
| General Reserve | 5,000,000 | 5,000,000 |
| Profit & Loss Account | | |
| Opening Balance | 12,171,478 | 10,106,611 |
| Add: Profit / (Loss) during the year | 1,945,414 | 2,064,867 |
| Sub - Total | 14,116,892 | 12,171,478 |
| TOTAL | 19,142,173 | 17,196,759 |
| SCHEDULE - III | | |
| INVESTMENTS | | |
| <u>Unquoted:</u> Investment in Other Company(s) | | |
| Kaveri Gas Power Limited | | |
| 25,000 Equity Shares @ Rs. 10/- each fully paid up | 250,000 | 250,000 |
| 30,38,000 Preference Shares @ Rs.10/- each fully paid up | 30,380,000 | 30,380,000 |
| TOTAL | 30,630,000 | 30,630,000 |

ELANGO INDUSTRIES LIMITED
CHENNAI - 600 040

SCHEDULE - III
SCHEDULE FOR DEPRECIATION & FIXED ASSETS UNDER THE COMPANIES ACT FOR THE YEAR 31-03-2010

| Particulars | ROD in % | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|-------------------------|-------------|---------------------|----------|----------|------------------------------|---------------------|-----------------|-----------|------------------------------|---------------------|---------------------|
| | | As on 01-04-2009 | Addition | Deletion | Total as on 31-03-2010 | As on 01-04-2009 | For the Year | Deletion | Total as on 31-03-2010 | As on 31-03-2009 | As on 31-03-2010 |
| Plant & Machinery | 13.91% | 4,159,731 | - | - | 4,159,731 | 2,514,111 | 228,906 | - | 2,743,017 | 1,645,620 | 1,416,714 |
| Electrical Installation | 13.91% | 930,970 | - | - | 930,970 | 598,793 | 46,206 | - | 644,999 | 332,177 | 285,971 |
| Franking 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% | 505,125 | - | - | 505,125 | 502,778 | 939 | - | 503,717 | 2,347 | 1,408 |
| Cycle | 20.00% | 3,012 | - | - | 3,012 | 3,012 | - | - | 3,012 | - | - |
| Total | | 5,628,689 | - | - | 5,628,689 | 3,648,545 | 276,050 | - | 3,924,595 | 1,980,144 | 1,704,094 |

| SCHEDULE - V | As on 31-03-2010 | As on 31-03-2009 |
|--|---------------------|---------------------|
| CURRENT ASSETS, LOANS & ADVANCES | | |
| 1. CURRENT ASSETS | | |
| a. Sundry Debtors - Unsecured & Considered Good | | |
| Debts outstanding for a period exceeding six months | 996,205 | 996,205 |
| b. Others | | |
| - Security Deposit for Contracts | 4,000,000 | - |
| - Term Deposit | - | - |
| c. Cash & Bank Balances | | |
| i) Cash on Hand | 95,399 | 399 |
| ii) Balance with other banks | | |
| - Karur Vysya Bank-Current A/c | - | 874 |
| - SBI | 397,588 | - |
| - Deposit A/c | - | - |
| d. Electricity Subsidy Due | 10,996,636 | 10,996,636 |
| 2. LOANS & ADVANCES | | |
| (Unsecured considered good - recoverable in Cash or in Kind or for Value to be received) | | |
| i. Advances and Loans to Other Company(s) | | |
| - E G P K Steels Ltd. | 4,300,000 | 4,300,000 |
| - Kaveri Gas Power Ltd. | (30) | 2,235,267 |
| - Ankit Ispat Pvt. Ltd | 2,308,932 | 2,308,932 |
| - Rent Advance | 200,000 | 200,000 |
| ii. Balance with Statutory Authorities | | |
| - Sales Tax Deposits | 5,000 | 5,000 |
| - Excise Duty | 1,776,645 | 1,776,645 |
| - TDS Receivable 2009-10 | 15,827 | - |
| - TDS Receiveable 2008-09 | 58,485 | 58,485 |
| - Self Assessmant Tax 05-06 - MAT | 197,816 | 223,630 |
| - Income Tax 2009-10 | - | - |
| TOTAL CURRENT ASSETS | 25,348,503 | 23,102,073 |

SCHEDULE - VI

CURRENT LIABILITIES & PROVISIONS

A. Sundry Creditors

| | | |
|--------------------------|-------|--------|
| - Creditors for Expenses | 2,506 | 54,458 |
| - Elangovan | - | 25,000 |

B. Provisions

| | | |
|----------------------------------|---------|---------|
| - Staff & Workers Salary Payable | 26,215 | - |
| - TDS Payable - FY 2009-10 | 26,067 | - |
| - Audit Fees Payable | 49,635 | - |
| - Provision for MAT - 2005-06 | 220,000 | 220,000 |

TOTAL CURRENT LIABILITIES

| | |
|---------|---------|
| 324,423 | 299,458 |
|---------|---------|

SCHEDULE - VII

OTHER INCOME

| | | |
|---|-----------|-----------|
| Interest On deposits | 106,872 | |
| Dividend on Other Investments (Shares) (Dividend from M/s. Kaveri Gas Power Ltd) | 3,038,000 | 3,038,000 |

TOTAL

| | |
|-----------|-----------|
| 3,144,872 | 3,038,000 |
|-----------|-----------|

SCHEDULE - VIII

ADMINISTRATIVE EXPENSES

| | | |
|------------------------------------|---------|---------|
| Advertisement Expenses | 16,376 | 31,500 |
| Auditor's Remuneration | 55,150 | 38,605 |
| Bank charges & Commission | 2,024 | 770 |
| Consultancy - N.Rajkumar | 300,000 | 100,000 |
| Costodial Fee- NSDL & CDSL | 15,277 | - |
| Demat Expenses - Issuer Fee - CDSL | 28,686 | - |
| Legal & Secretarial charges | 8,000 | 40,000 |
| Listing fee | 11,072 | 49,397 |
| Administrative Expenses | 163,858 | - |
| Office Expenses | - | 34,299 |
| Postage Expenses | 1,378 | 1,055 |
| Printing & Stationery | 12,680 | 52,242 |
| Revocation Fees | - | 200,000 |
| ROC Filing fees | - | 4,000 |
| Secretarial Fees | 17,030 | |
| Staff & Workers Salary | 266,062 | 100,000 |

TOTAL

| | |
|---------|---------|
| 897,593 | 651,867 |
|---------|---------|

