

BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman & Managing Director
Mr. Suresh Jagannathan
Mr. C.R. Swaminathan
Mr. D. Sarath Chandran
Mr. Mitsuhiro Masegi
Mr. V. Ramakrishnan
Mr. R. Vidhya Shankar
Mr. Vikram Mohan
Mr. G. Soundararajan
Mr. K. Murali Mohan
Mr. Yasushi Nei, Alternate Director to **Mr. Mitsuhiro Masegi**
 (From 27th October 2010)
Mr. Yoshihiko Kato, Alternate Director to **Mr. Mitsuhiro Masegi**
 (Upto 27th October 2010)
Mr. M. Lakshminarayan (Upto 29th April 2011)
Mr. K. Udhaya Kumar, President & Chief Operating Officer
Mrs. Vanitha Mohan, Executive Director

COMPANY SECRETARY

Mr. T.G. Thamizhanban

AUDITORS

M/s. Haribhakti & Co.,
 Chartered Accountants, Coimbatore

BANKERS

State Bank of India	The Bank of Nova Scotia
Andhra Bank	Indian Bank
IDBI Bank Limited	Canara Bank
ICICI Bank Limited	Indian Overseas Bank

REGISTERED OFFICE

702/7, Avanashi Road,
 Coimbatore - 641 037, India.
 Ph : +91 422 4336000 Fax : +91 422 4336299
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FACTORIES

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PLANT I

132, Ooty Main Road,
Perianaickenpalayam,
Coimbatore - 641 020.

PLANT III

4/558, Chinnamathampalayam,
Bilichi Village,
Press Colony Post,
Coimbatore - 641 019.

PLANT VI

Plot No.11, Sector 10,
Integrated Industrial Estate,
Pantnagar, SIDCUL,
Rudrapur - 263 153.
Dist. U.S. Nagar (Uttarakhand)

PLANT II

Plot No.34 & 35, Sector 4,
IMT Manesar,
Gurgaon - 122 050.

PLANT V

Survey No.1065 & 1066,
Pirangut, Taluk Mulshi,
Pune - 412 108.

PLANT VII

Plot No.45, Sector 11,
Integrated Industrial Estate,
Pantnagar, SIDCUL,
Rudrapur - 263 153.
Dist. U.S. Nagar (Uttarakhand)

DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Your Directors have pleasure in presenting the Thirty Ninth Annual Report and audited accounts for the financial year ended 31st March 2011.

FINANCIAL RESULTS

The summarised financial results are :

	2010-11	₹ Million 2009-10
Net Sales & Services		
- Domestic	7,082.727	6,338.064
- Export	1,058.215	1,085.860
Total	8,140.942	7,423.924
Profit Before Interest and Depreciation	825.879	942.809
Less : Interest & Finance Charges	273.116	316.452
: Depreciation & Amortisation	337.040	351.783
Profit Before Tax	215.723	274.574
Less : Provision for Taxation		
Current Tax	43.490	46.771
Deferred Tax	63.810	(27.000)
MAT Credit	(43.490)	—
Taxation relating to earlier years	(79.235)	—
Profit After Tax	231.148	254.803
Add : Balance brought forward	71.212	(115.612)
Amount available for appropriation	302.360	139.191

DIVIDEND

Your Directors recommend a dividend of 60% (₹ 0.60 per share of ₹ 1 face value) on the paid-up equity share capital of the Company for the year ended 31st March, 2011.

APPROPRIATION

	2010-11	₹ Million 2009-10
Dividend ₹ 0.60 per share of ₹ 1.00 face value. (Previous year - ₹ 0.40 per share of ₹ 1.00 face value)	54.000	36.000
Tax on Dividend	8.760	5.979
General Reserve	125.000	26.000
Surplus to be carried over	114.600	71.212
Total	302.360	139.191

INDUSTRY STRUCTURE AND DEVELOPMENTS

Backed by the continued strong economic growth, the domestic auto industry registered a growth of 26.64 % in 2010-11 due to new model launches with moderate price band between the models coupled with easier financing opportunities.

The performance as per Society of Indian Automobile Manufacturers (SIAM) is :

Category	Vehicles Sold		Growth 2010-11 %
	2009-10 In numbers	2010-11	
Passenger Car	1,970,046	2,430,105	23.35
Utility Vehicle	275,563	328,001	19.03
Multi Purpose Vehicle	151,869	215,794	42.09
Medium & Heavy			
Commercial Vehicle	265,369	352,060	32.67
Light Commercial Vehicle	312,361	400,645	28.26
Scooters / Scooterettee	1,492,659	2,126,109	42.44
Motor Cycles	8,444,100	10,500,073	24.35
Mopeds	571,489	703,713	23.14
Three Wheelers	613,606	795,989	29.72
Total	14,097,062	17,852,489	26.64

Due to the higher inflation, increase in global oil prices and hardening of interest rates, the vehicle industry can expect a lower growth only, for the ensuing financial year.

OPERATIONS

As informed in last year's report, the prolonged labour strike in 2007 continues to affect the prospects of our Company. The loss in market share and more importantly, the cancellation on us of development of products meant for the new vehicles launched in 2010-11 resulted in only a modest growth of 11.75% in the domestic market.

Europe and USA, the major markets where we export, have come out of recession, but have not fully recovered. The growth in exports to these markets was only nominal. The exports to Iran had to be reduced due to payment problems from there. Therefore, the volumes of exports remained static. In addition, the strengthening of Indian Rupee against Euro and US Dollar has resulted in the exports sales marginally decreasing in Rupee Terms.

Thus, the overall sales of our company grew only by 9.66% as against the Industry growth of 26.64%.

The substantial increase in the cost of raw materials and electronic components, led to the Profit Before Interest and Depreciation reducing from ₹ 943 million in the previous financial year to ₹ 826 million in this financial year. Consequently, the Profit After Tax also reduced from ₹ 255 million to ₹ 231 million.

Due to the continuous effort of management team, our company is able to get a moderate increase in the Share of Business in the domestic market for the year 2011-12. Hopefully this will lead to our company increasing the market share in the domestic market in the ensuing years.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

The Company's overall sales for 2011-12 is expected to grow by 15%, barring unforeseen circumstances.

Our Company will continue its efforts to control the operational costs and improve the bottom line.

SUBSIDIARY COMPANIES

PT Pricol Surya, Indonesia

PT Pricol Surya's sales for the year 2010-11 is ₹ 317 million (₹ 95 million for 2009 - 10) and a Loss of ₹ 11 million (Profit Before Tax of ₹ 26 million for 2009-10). The operating loss for the year 2010-11 is primarily due to heavy increase in material cost and substantial decrease in forex gains.

Effective January 2011, Honda Motor Cycles in Indonesia and Thailand has become a new customer. In the ensuing financial year April 2011 onwards Honda Motor Cycles will become the key customer, purchasing more than a million Speedometers. Suzuki Motor Cycles is also regaining a part of its lost market share and enhancement of orders have been indicated.

The outlook for the year 2011-12 is bright due to the substantial increase in sales, leading to turn around of the company and a profit of 5% is expected for the financial year 2011-12.

English Tools and Castings Limited

The wholly owned subsidiary manufactures aluminium pressure die casting components, primarily catering to Automobile sector (90%) and Industrial sector (10%).

During the year 2010-11 due to increased offtake from the customers, the turnover of the company has increased substantially to ₹ 264 million from ₹ 127 million in 2009-10. Even though there is a substantial improvement in sales in 2010-11, due to steep increase in the raw material price, power and fuel cost, it is yet to break even.

The outlook for the Company is promising for financial year 2011-12 as the order book position is very good, especially from key customers like TVS Motors, Greaves Cotton. Some new customers also have been added. The projected turnover will exceed ₹ 400 million. In addition, the manufacturing processes improvements have resulted in better yield. The company will break even and generate a modest profit of ₹ 5 million plus. The worrying factor is the erratic power supply.

Integral Investments Limited

The wholly owned subsidiary during the financial year 2010-11 received a dividend of ₹ 0.634 million and earned a profit of ₹ 0.336 million.

Pricol Pune Limited

The Company has incorporated a Wholly Owned Subsidiary Company "Pricol Pune Limited" at Pune, India on 18th May 2011.

Over the next few years the market share of European and US Vehicle Makers in India will continue to increase. To make an entry and grow the instruments business, especially with the trend of instruments more and more moving towards electronics, the Company needs association with their suppliers in their home country and also have access to the latest technology of displays and designs of instruments as well as access to global sourcing of components at competitive prices.

By transferring a portion of instruments business, assets and liabilities related to Personal Passenger Vehicles (Scooter, Motor Cycle, Car & MPV) instrument cluster business of Plant V of the Company located at Survey No.1065 & 1066, Pirangut (Village), Mulshi (Taluk), Pune – 412 108 by way of slump sale to Pricol Pune Limited, the Wholly Owned Subsidiary and forming a Joint Venture with major supplier as mentioned above would be the ideal route to acquire the latest technology and access to European / US vehicle makers.

This association of the JV with the European / US Vehicle Makers, will pave the way for the parent company, Pricol Limited to get entry for other products such as sensors, oil pumps etc. and grow our company business. In addition as explained above, the tangible benefits will be purchase of electronic components at competitive prices for the balance instrument business of Pricol Limited.

The said slump sale is subject to the prior approval of shareholders through postal ballot. To get the approval of shareholders, postal ballot forms will be despatched separately.

OUTLOOK

The overseas economic downturn provided the impetus for a massive structural change in the Indian Auto Industry. The global automakers will continue to shift their production facilities from high cost regions. India continues to be an attractive destination for production of automobiles both for domestic as well as exports market. Even though there is volatility in the oil prices, the

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

industry is expected to record reasonable growth over the next few years.

OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS

The Indian automakers are contemplating entry in the international markets by introducing their innovative products that would meet consumer preference. Automakers have started to reduce the number of platforms with a greater diversity of models produced from each platform in order to remain cost competitive.

To remain competitive, automakers are focusing more on fuel-efficient, environment-friendly, low-cost vehicles, especially small cars, with advanced technology, that meet the requirements of consumers in both mature and emerging markets. The auto component suppliers are expected to quickly adapt to the new technologies by investing in research and development, involving additional capital investments.

Higher dependence on a handful of global automakers makes auto component suppliers vulnerable on several fronts, primarily pricing pressure. The robustness in demand will lead to raw material and component prices remaining firm. The erratic power supply which not only increases the Company's power cost for captive generation but also affects the timely supply from vendors is a matter of concern. This coupled with increase in interest rates, puts pressure on profit margins.

The Company will attempt to soften the impact of risks through continuous monitoring, timely action and control measures.

To reduce risk it will be better for the Company to broaden the product portfolio which at the moment consists mainly of Instruments, Sensors and Engine parts like Oil Pumps, Tensioners etc., primarily for vehicle use.

A strategy committee comprising of few Directors of the Board has been formed. The role of this Committee is to analyse the various opportunities for the Company to enlarge the product portfolio not only in the vehicle segment but also to diversify into other areas of business, keeping in mind the present mechatronics skills of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control system has been designed & implemented, taking into account of nature of business and size of operations, to provide for :

- | Accurate recording of transactions with internal checks and prompt reporting.
- | Adherence to applicable Accounting Standards and policies.
- | Compliance with applicable statutes, policies, listing requirements, management policies and procedures.
- | Effective use of resources and safeguarding of assets.

The Company, through its own Internal Audit Department, carries out periodic audits at all locations and all functions and brings out any deviation to internal control procedures. The observations arising out of audit are periodically reviewed and compliances ensured. The summary of the Internal Audit observations is submitted to the Audit Committee. The Audit Committee at their meetings regularly review the financial, operating, internal audit & compliance reports to improve performance. The heads of various monitoring / operating cells are present for the Audit Committee meetings to answer queries from the Audit Committee.

RISK MANAGEMENT

Risk is an integral part of the business process.

To enhance the risk management process, the company has mapped the risks. A system has been formulated based on Balanced Score Card with various appropriate measures and accountabilities to identify, assess, prioritise and mitigate the risks. Reports generated from the system are monitored regularly to ensure that appropriate corrective actions are taken.

FINANCE

During the year the company has not accepted / renewed any fixed deposit from public. The total deposits from public outstanding as on 31st March, 2011 is NIL. Two deposits amounting to ₹ 0.050 million matured but had not been claimed by the depositors as on that date. Reminders have been sent to unclaimed deposit holders for suitable instructions.

ICRA has maintained the credit rating of 'LBBS-' for Working Capital fund based facilities & Term Loan facilities and 'A3' for working capital non fund based facilities like Letters of Credit and Buyers Credit for imports.

DIRECTORS

Mr. Suresh Jagannathan, Mr. C.R. Swaminathan, Mr. D. Sarath Chandran and Mr. K. Murali Mohan,

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

Directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Mr. M. Lakshminarayan has resigned from the Board effective 29th April 2011, due to his personal commitments. The Board places on record its warm appreciation of the valuable contribution made by Mr. M. Lakshminarayan during his association with the company.

AUDITORS

The Auditors of the Company, M/s.Haribhakti & Co., retire at the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received a letter from them, stating that the appointment, if made, will be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The external advisors working with the management to rebuild relationship with workforce resulted in improvement in relationship and trust. Similar measures will continue to improve further in the ensuing year.

CORPORATE SOCIAL OBJECTIVES

Corporate Social Responsibility continues to assume an important role in the activities of the Company. Afforestation, Water Management, Literacy and Health continue to be the chosen areas of work by the Company and its employees.

The year 2011 has been declared as the International Year of Forests by the United Nations. A project "Pasum Pulari" meaning the dawn of green has been launched by "Siruthuli" for planting 1 lakhs trees during the year. 25,000 saplings have been raised, nurtured and handed over from Pricol to "Siruthuli" for planting in the reserve sites belonging to the Corporation in various parts of Coimbatore.

CONSERVATION OF ENERGY

The Company continues to put its efforts to adopt various energy saving measures for conservation of energy even though it is not a power intensive industry.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company's foreign exchange earnings were ₹ 1002.222 million (₹ 1049.436 million in

2009-10). The revenue expenditure in foreign currency was ₹ 1648.439 million (₹ 1805.301 million in 2009-10) and the capital expenditure was ₹ 63.544 million (₹ 25.114 million in 2009-10).

STATUTORY STATEMENTS

As required by Section 212 of the Companies Act, 1956, a statement showing the Company's interest in the subsidiaries is enclosed to the Balance Sheet of the Company.

The Company has obtained the approval of the Ministry of Corporate Affairs, New Delhi vide letter No: 47/38/2011 – CL - III dated 28th January 2011 in terms of Section 212(8) of the Companies Act, 1956 exempting the company from attaching the balance sheet and profit and loss account of the subsidiaries namely (1) English Tools and Castings Limited (2) Integral Investments Limited and (3) PT Pricol Surya, Indonesia, along with the report of Board of Directors and that of the auditors' thereon, with the Company's accounts for the year ended 31st March 2011.

Accordingly, the audited accounts of the subsidiary companies, (1) English Tools and Castings Limited (2) Integral Investments Limited and (3) PT Pricol Surya, Indonesia are not attached to the Balance Sheet of Pricol Limited.

As directed by the Central Government, the accounts of the subsidiaries are consolidated with the accounts of the company in accordance with Accounting Standard 21 (AS 21) prescribed by The Institute of Chartered Accountants of India and Listing Agreement prescribed by Securities Exchange Board of India. The consolidated accounts duly audited by the statutory auditors and the consolidated balance sheet information form part of the annual report.

The annual accounts, reports and other documents of the subsidiary companies will be made available to the members and investors upon receipt of a request from them.

The annual accounts of the subsidiary companies will be available at the registered office of the Company and at the respective subsidiary companies. Any member or investor can inspect the same during the business hours of any working day.

The statement showing the particulars of technology absorption pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the annexure forming part of this report.

The Company does not have employees drawing remuneration attracting the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- a) in the preparation of annual accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed;
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) they had prepared the annual accounts for the financial year ended 31st March 2011, on a going concern basis.

CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the good corporate governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges,

Corporate Governance Report is annexed to this Directors' Report.

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have certified to the Board with regard to the financial statements and other matters as required under clause 49(V) of the Listing Agreement.

Auditors' Certificate regarding compliance of the Corporate Governance is made a part of this Annual Report. All the board members and senior managerial personnel have affirmed compliance with the code of conduct for the year 2010-11.

CAUTIONARY STATEMENT

Management Discussion and Analysis forming part of this Report is in compliance with Corporate Governance Standards incorporated in the listing agreement with Stock Exchanges and such statements may be "forward-looking" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws, other statutes and other incidental factors.

ACKNOWLEDGEMENTS

The Board wish to place on record their appreciation to Denso Corporation, Japan, Customers, Distributors, Dealers, Suppliers, Shareholders, Bankers, Government authorities and Other Collaborators for their continued support and co-operation during the year under review. The Directors wish to place on record their appreciation to the employees at all levels for their continued co-operation and commitment.

Coimbatore
30th May 2011

For and on behalf of the Board
Vijay Mohan
Chairman & Managing Director

ANNEXURES TO DIRECTORS' REPORT

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

TECHNOLOGY ABSORPTION :

I. Research and Development (R & D)

(i) Specific areas of R & D

The Company has two R & D centres, which are approved by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India, New Delhi. Our R & D is engaged in several areas as mentioned below. In addition it is also engaged in indigenisation and horizontal deployment of offshore technologies either acquired or mutually developed with associates.

The Company has an effective patenting and defending cell to proliferate innovation and growth. The company has registered so far 33 Patents & 9 Design Applications.

- | | |
|--|---|
| <ul style="list-style-type: none"> Design and Development of new products. Design quality and feature improvements in existing products. Value Engineering & Cost effective alternates development. | <ul style="list-style-type: none"> Identify appropriate new technology areas continuously to meet ever changing product requirements. Deployment of new technologies in products and processes. Foster and build domain expertise in the area of display and sensing technologies. |
|--|---|

(ii) Benefits derived from R & D

- | | |
|---|---|
| <ul style="list-style-type: none"> Meeting customer targets on quality, cost and time of new products. Ensures new products with latest technology. Cost effectiveness in new products through value addition. | <ul style="list-style-type: none"> Identifies new technology processes and its introduction. Registration of patents & designs. |
|---|---|

(iii) Future plan of action

- | | |
|---|---|
| <ul style="list-style-type: none"> Adopt more Value Engineering ideas into products to be more cost effective through reduction of waste and meet the target costs. Collaborative approach on product design with customer and supplier. Enhance the existing IPR base to higher levels. | <ul style="list-style-type: none"> Collaborate with Educational Institutions & Government Organisations to foster and develop indigenous technologies. Venture into export products to enhance foreign exchange earnings. Reduce time to market the product. |
|---|---|

Expenditure on R & D :

	2010-11 (₹ Million)
Capital	60.871
Recurring	226.614
Total	<u>287.485</u>
R & D expenditure as a percentage of sales	<u>3.53%</u>

II. Technology Absorption, Adaptation and Innovation

Imported Technology

The Technology Imported during the year 2006-07 from Magneti Marelli Sistemi Elettronici S.P.A., Italy for manufacture of Instrument Clusters for Renault - Mahindra's Logan Model Car has been fully absorbed. Supplies have commenced from April 2007. Pricol is supplying to Domestic Market requirement and South Africa Market for Logan Model.

The Technology imported during the year 2007-08 from Garant GmbH, Germany for the manufacture of New Design Stepper Motor has been fully absorbed. Assembly Line has been established. Mass production run is under progress.

The Technology imported during the year 2008-09 from Mashad Powder Metallurgy Company, Iran to enhance the knowledge of manufacturing powder metal and powder forged components and to implement the same at our own In-house manufacturing shop having sintered component manufacturing facility has been fully absorbed. The same will be fully implemented in the years 2011-12 and 2012-13.

The Technology imported during the year 2010-11 from IAV GmbH Germany, for the manufacture of VAN Type Oil Pump and Vacuum Pump is under the initial phase of absorption.

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance :

Company's Philosophy on Corporate Governance envisages striving for excellence in all facets of its operations through socially and environmentally acceptable means. The Company wants to be a responsible corporate citizen and share the benefits with society and also make its customers, employees, suppliers and shareholders feel proud of their association with the Company through the highest level of transparency in its dealings.

2. Board of Directors :

a. Composition of the Board :

As on 31st March 2011, the Company's Board comprised of 13 Directors. The Board consists of 3 (23%) Executive Directors and 10 (77%) Non - Executive Directors, 8 of them are independent. Details are given in the below table. The members of the Board are well experienced professionals and industrialists. The day-to-day management affairs is managed by the Chairman & Managing Director subject to the supervision, control and direction of the Board of Directors and is assisted by the Executive Director and President & Chief Operating Officer. The composition of the Company's Board is in conformity with the Listing Agreement.

b. Category of Directors, Attendance, other directorships and committee membership:

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Companies			No. of Committee positions held in other Companies	
		Board Meeting	Last AGM	Public Company	Private Company	Foreign Company	Member	Chairman
Mr. Suresh Jagannathan	Non-Executive - Independent	3	—	3	2	—	2	—
Mr. C. R. Swaminathan	Non-Executive - Independent	5	3	1	3	—	—	—
Mr. D. Sarath Chandran	Non-Executive - Promoter	1	—	6	—	—	2	—
Mr. Mitsuhiro Masegi	Non-Executive - Independent	—	—	—	—	5	—	—
Mr. Yasushi Nei (Alternate director to Mr.Mitsuhiro Masegi From 27th October 2010)	Non-Executive - Independent	3	—	1	1	—	—	—
Mr. V. Ramakrishnan	Non-executive - Independent	5	3	—	—	4	—	—
Mr. R. Vidhya Shankar	Non-Executive - Independent	4	—	1	—	—	1	—
Mr. Vikram Mohan	Non-Executive - Promoter	5	3	8	1	—	—	—
Mr. G. Soundararajan	Non-Executive - Independent	3	—	—	5	2	—	—
Mr. K. Murali Mohan	Non-Executive - Independent	5	3	1	—	—	—	—
Mr. K. Udhaya Kumar (President & Chief Operating Officer)	Executive	4	—	1	—	1	—	—
Mrs. Vanitha Mohan (Executive Director)	Executive - Promoter	5	3	3	2	—	—	—
Mr. Vijay Mohan (Chairman & Managing Director)	Executive - Promoter	5	3	9	1	—	1	—
Mr. Yoshihiro Kato (Alternate director to Mr.Mitsuhiro Masegi Upto 27th October 2010)	Non-Executive - Independent	2	—	—	1	—	—	—
Mr. M. Lakshminarayan (Upto 29th April 2011)	Non-Executive - Independent	3	3	3	1	—	2	—

As detailed in the table above, none of the directors is a member of more than Ten Board level Committees of public companies in which they are Directors, nor a Chairman of more than five such Committees.

Mr. D. Sarath Chandran, Mr. Vijay Mohan, Mrs. Vanitha Mohan and Mr. Vikram Mohan are relatives. Mr. D. Sarath Chandran is Mr. Vijay Mohan's brother, Mrs. Vanitha Mohan is Mr. Vijay Mohan's wife and Mr. Vikram Mohan is elder son of Mr. Vijay Mohan and Mrs. Vanitha Mohan. No other directors are related to each other.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

c. Board Meetings :

The Company, in consultation with the directors, prepares and circulates a tentative annual calendar for the meetings of the Audit Committee / Board in order to assist the directors in planning their schedules to participate in the meetings.

During the year 2010-11, the board met 5 times on 28th May 2010, 24th July 2010, 27th October 2010, 25th January 2011 and 30th March 2011 and the gap between two meetings did not exceed four months.

d. Brief note on Directors seeking appointment / reappointment at the ensuing AGM :

Mr. Suresh Jagannathan, 54 years of age, B.S. - Management Science, is a leading Industrialist and Managing Director of KLRF Limited. He is also a director in Elgi Rubber Company Limited, Precot Meridian Limited, Cape Flour Mills Private Limited and Chempaka General Finance Private Limited. He is a member of the Audit Committee of Elgi Rubber Company Limited and Investors Grievance Committee of KLRF Limited. He holds 26,985 shares of the Company.

Mr. C.R. Swaminathan, 63 years of age, B.Sc. (Agri), MBA, is presently the Chief Executive of PSG Institutions, Coimbatore who has put in over 41 year of service in PSG Institutions. He is also a director on the Board of Udhaya Semiconductors Limited, Chandra Textiles Private Limited, Pongalur Pioneer Textiles Private Limited, K. Sivasubramaniam Spinners Private Limited. He is a member of the Audit Committee and Remuneration Committee of Pricol Limited.

He is the Chairman of Sub- Committee on Education & Employability in Confederation of Indian Industry – Southern Region. He is the Past Chairman of Confederation of Indian Industry - Southern Region. He is the President of Residents Awareness Association of Coimbatore, COINDIA, Coimbatore Industrial Infrastructure Association. Vice President - Esslingen Coimbatore Association. He is the Past President of IMTMA, The Southern India Engineering Manufacturers Association, Association of Jute Entrepreneurs of Southern India, Solar Energy Society of India – Coimbatore Chapter, Tamilnadu Private Professional Colleges Association – Health Sciences and The Coimbatore Club. He is the Governing Council Member of The Indian Chamber of Commerce and Industry, Coimbatore, Coimbatore District Basket Ball Association and Advisory Committee, Kovai Aid for Rehabilitation and Motivation – a Charitable Trust. He is the Joint Secretary of Indian Council for Child Welfare, Coimbatore District Council, All India Board of Technician Education, Regional Director Taxes Advisory Committee, Coimbatore District Juvenile Justice Board, Department of Social Welfare & Nutritious Meal programme, Government of Tamilnadu and Director - Board of Apprenticeship Training (SR), Government of India, Chennai. Member - Infrastructure Committee - Indian Institute of Foundrymen, Curriculum Statement Development Committee - University of Madras, Syndicate Member - Tamilnadu Open University. He holds 1,995 shares of the Company.

Mr. D. Sarath Chandran, 65 years of age, BSC Tech (Hons) (UK), MBA (USA) is a leading Industrialist. He is the Chairman of Precot Meridian Limited. He is also a Director in Super Spinning Mills Limited, Supreme Textile Processing Limited, Vantex Limited, Multiflora Processing (Coimbatore) Limited and Precot Meridian Energy Limited. He is well known in the Textile industry and is the Chairman of South Indian Textile Research Association (SITRA). He is member of the Share holders / Investors Relations Committee of the Company. He is also the member of Investor relations Committee of Precot Meridian Limited and Super Spinning Mills Limited. He holds 45,000 shares of the Company.

Mr. K. Murali Mohan, 63 years of age, Bachelor of Engineering (Electrical) from PSG College of Technology and a Fellow Chartered Accountant (FCA). He is practicing as a Chartered Accountant since 1973. He is engaged in Statutory Audit, Internal Audit, Tax representation, management & company law consultancy, compliance with FEMA requirements and other allied activities. He is a visiting faculty of PSG College of Technology and Director in M/s. SKDC Consultants Limited, Coimbatore. He does not hold any shares of the Company.

3. Audit Committee :

The Committee is mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with Stock Exchanges and these also conform to provisions of Section 292A of the Companies Act, 1956.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

Composition, Name of Members & Chairman, Meetings held and Members present during the year 2010-11 :

Name of the Member	Category	Date of Meeting / Members present			
		25th May 2010	20th July 2010	23rd October 2010	24th January 2011
Mr. C.R. Swaminathan(Chairman)	Non-Executive - Independent	3	3	3	3
Mr. K. Murali Mohan	Non-Executive - Independent	3	3	3	3
Mr. R. Vidhya Shankar	Non-Executive - Independent	3	3	3	3
Mrs. Vanitha Mohan	Executive - Promoter	—	3	—	3

The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, Internal Audit team and the Statutory Auditors of the Company are permanent invitees to the meetings of the Audit Committee. The heads of various monitoring / operating departments are invited to the meetings, as and when required to explain details about the operations.

4. Remuneration Committee :

The Committee is entrusted to determine and recommend to the Board the remuneration including commission, perquisites and benefits payable to the Executive Directors based on overall performance and financial results of the Company during the relevant financial year and in consonance with the existing industrial practice.

a. Composition, Name of Members and Chairman :

Name of the Member	Category
Mr. C.R. Swaminathan (Chairman)	Non-Executive - Independent
Mr. K. Murali Mohan	Non-Executive - Independent
Mr. R. Vidhya Shankar	Non-Executive - Independent

b. No Remuneration Committee meeting was held during the year 2010-11.

c. Remuneration to Directors :

The remuneration payable to Executive Directors is determined by the Board on the recommendation of the Remuneration Committee with the approval of the shareholders at the Annual General Meeting. The Company pays remuneration by way of salary, perquisites and benefits (fixed component) and commission (variable component) to its Executive Directors.

The Shareholders have approved remuneration to Non - Executive Directors by way of commission not exceeding one percent of the Net Profits of the Company per annum. The commission will be distributed broadly on the basis of Board Meetings and Committee Meetings attended by the Non-Whole Time Directors.

The Company does not have any Stock option scheme.

The remuneration paid / payable to the Executive Directors for the year 2010-2011 : ₹ Million

Name of the Director	Designation	Service Contract	Salary, perquisites & benefits (Gross)	Commission	Total
Mr. Vijay Mohan	Chairman & Managing Director	1st April 2010 to 31st March 2013	3.030	1.075	4.105
Mrs. Vanitha Mohan	Executive Director	1st April 2007 to 31st March 2012	1.028	0.537	1.565
Mr. K. Udhaya Kumar	President & Chief Operating Officer	1st June 2008 to 31st May 2013	3.018	0.358	3.376

REPORT ON CORPORATE GOVERNANCE (Contd.,)

The remuneration payable to the Non - Executive Directors for the year 2010-11 and the shares held by them are given below :

Name of the Director	Commission (₹ Million)	No. of Shares held on 31st March 2011
Mr. Suresh Jagannathan	0.033	26,985
Mr. C. R. Swaminathan	0.099	1,995
Mr. D. Sarath Chandran	0.021	45,000
Mr. V. Ramakrishnan	0.077	—
Mr. R. Vidhya Shankar	0.098	—
Mr. M. Lakshminarayan	0.066	—
Mr. Yasushi Nei	0.033	—
Mr. Yoshihiko Kato	0.022	—
Mr. Vikram Mohan	0.088	3,363,960
Mr. G. Soundararajan	0.055	—
Mr. K. Murali Mohan	0.099	—

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive and independent directors during the year.

5. Shareholders / Investors Relations Committee :

The Committee comprises of Mr.D.Sarath Chandran, Mr.Vijay Mohan, Mrs.Vanitha Mohan, Mr.C.R. Swaminathan and Mr. R. Vidhya Shankar.

The Committee approves issue of new / duplicate share certificates. The Committee oversee and review all matters connected with share transfers / transmission / demat / remat and other issues pertaining to shares. The Committee also looks into the investor relations / grievances and redressal of the same, on a periodical basis.

The Committee met 4 times during the year on 26th May 2010, 17th July 2010, 25th October 2010 and 17th January 2011. Mr. D. Sarath Chandran, Non-Executive Director chaired the meetings. Mr. T.G. Thamizhanban, Company Secretary is the Compliance Officer.

During the year, 20 letters were received from the investors regarding non-receipt of dividend warrants / annual reports / share certificates etc., and all of them were replied / resolved to their satisfaction. No transfer / dematerialisation of shares is kept pending.

6. General Body meetings :

Year	Date & Time	Special Resolution	Location
2008 - 36th AGM	8th August 2008 4.30 p.m	NIL	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.
2009 - 37th AGM	7th August 2009 4.30 p.m	NIL	
2010 - 38th AGM	23rd July 2010 4.30 p.m.	NIL	

- | No Extraordinary General Meeting was held during the year 2010-11.
- | No Court convened meeting of members was held during the year.
- | No Postal Ballot was conducted during the year.
- | No proposal to conduct Postal Ballot to pass any special resolution.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

7. Disclosures :

- a. Sundry Debtors include a sum of ₹ 369.977 million due from a company, which is a related party, in respect of transaction by way of purchases by the said Company. In terms of payment schedule approved by the Board, the said Company has been making payments. During the year 2010-11, all sales to the said Company were only for cash. The Board continues to monitor the recovery of dues.
- b. The Company has not entered into any materially significant related party transactions that may have potential conflict with the interest of the Company at a large. Details of transactions with related parties are provided in Note No.35 to notes forming part of accounts in accordance with the provision of Accounting Standard 18.
- c. There was no instance of non-compliance by the Company on any matters relating to the capital markets, nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority on such matters, during last three years.
- d. The Company does not have any Whistle Blower Policy. However, no person has been denied access to the Audit Committee of the Company.
- e. The Company has complied with all the mandatory requirements of corporate governance norms as enumerated in clause 49 of the listing agreement with the stock exchanges.
- f. The Company has complied the following non-mandatory requirements :
 - Remuneration Committee of the Board of Directors of the Company has been set up and the particulars of the Committee are given in this report itself.
 - Adopted the best practices to ensure a regime of unqualified financial statements.
- g. The Company has not complied with any other non-mandatory requirement.
- h. SEBI vide its circular no. CIR/CFD/DIL/10/2010 dated 16th December 2010 amended Clause 5A of the listing agreement prescribing a uniform procedure for dealing with physical unclaimed shares pursuant to public issue or any other issue. Accordingly, the company has sent the first reminder to the concerned shareholders on 12th May 2011 by post.

8. Means of Communication :

The quarterly / annual financial results of the Company are published in The New Indian Express & Business Line (English) and Dinamani (Tamil). The financial results and the annual reports of the Company are uploaded in the Company's website: www.pricol.com and in the websites: www.corpfiling.co.in, www.bseindia.com and www.nseindia.com

There were no specific presentations made to institutional investors or to analysts during the year. Management discussion & Analysis forms part of the Annual Report.

9. General Shareholder information :

- a. Annual General Meeting
 - Date : 19th August 2011.
 - Time : 4.30 p.m.
 - Venue : Nani Palkhivala Auditorium,
Mani Higher Secondary School,
Pappanaickenpalayam,
Coimbatore - 641 037.
- b. Financial Year : 1st April 2010 to 31st March 2011.
- c. Date of Book Closure : 13th August 2011 to 19th August 2011.
- d. Dividend Payment Date : 20th August 2011.
- e. Listing on Stock Exchanges : National Stock Exchange of India Limited
and Bombay Stock Exchange Limited
- f. Stock Code : National Stock Exchange : PRICOL
Bombay Stock Exchange : 526109
- g. International Security Identification Number (ISIN) : INE605A01026

REPORT ON CORPORATE GOVERNANCE (Contd.,)

h. Listing and Custodial Fee :

Annual Listing Fees for the year 2011-12 were paid to National Stock Exchange of India Limited and Bombay Stock Exchange Limited. Custodial Fees to Depositories for the year 2011-12 were paid to National Securities Depository Limited and Central Depository Services (India) Limited.

i. Stock Market Data :

Month	National Stock Exchange				Bombay Stock Exchange			
	Price (₹)		CNX-500 (Points)		Price (₹)		BSE-500 (Points)	
	High	Low	High	Low	High	Low	High	Low
April-10	31.75	24.15	4446.35	4261.65	31.80	24.35	7140.21	6863.81
May-10	37.00	26.20	4360.45	3986.95	32.65	24.30	7028.13	6396.74
June-10	32.65	27.10	4432.45	4136.95	32.70	27.30	7119.58	6634.30
July-10	33.80	27.10	4554.90	4372.40	33.95	27.20	7321.41	7009.83
August-10	31.80	27.05	4665.10	4497.80	31.90	27.10	7514.63	7227.39
September-10	32.20	27.80	4987.60	4559.90	32.00	27.70	8064.87	7322.52
October-10	31.00	25.55	5159.95	4915.10	31.00	25.55	8344.12	7950.12
November-10	29.90	21.20	5212.15	4588.90	28.00	22.00	8434.05	7411.68
December-10	26.35	22.00	4947.50	4600.70	25.95	21.75	7975.22	7421.12
January-11	24.90	16.00	4988.25	4342.80	24.70	16.00	8038.74	6999.44
February-11	18.35	15.50	4483.50	4128.25	18.25	15.50	7222.02	6647.92
March-11	18.50	15.10	4647.60	4273.90	18.50	15.85	7471.35	6888.55

j. Registrar and Transfer Agents :

For Physical transfer and Dematerialisation of shares:

The Company has appointed M/s. Integrated Enterprises (India) Limited, 2nd Floor, "KENCES" Towers, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017 as Common Transfer Agent for all aspects of investor service relating to shares in both physical and demat form.

k. Share Transfer System :

The Company's shares are required to be compulsorily traded in the Stock Exchanges in dematerialised form. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time, if the documents are complete in all respects. Physical shares received for dematerialisation are processed and completed within the stipulated time if the documents are complete in all respects. Bad deliveries are promptly returned to Depository Participants (DP's) under advice to shareholders. The Company obtains from M/s. S. Krishnamurthy & Co., Company Secretaries, Chennai the following certificates:

- i) Pursuant to clause 47(c) of the listing agreement with the stock exchanges, on half-yearly basis, for due compliance of share transfer formalities by the Company through RTA.
- ii) Pursuant to SEBI (Depositories and Participants) Regulations, 1996, on quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued / paid-up capital of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

i. Shareholding pattern as on 31st March 2011 :

Shares held by	No. of holders	No. of shares	% to Total Paid-up Capital
Promoters & Associates	23	32,093,946	35.66
Foreign Collaborator - DENSO Corporation, Japan	1	11,250,000	12.50
Non-Resident Indians	258	998,114	1.11
Foreign Institutional Investor	1	26,701	0.03
Banks / Indian Financial Institutions	2	142,875	0.16
Insurance Companies	1	268,966	0.30
Bodies Corporate	705	5,039,222	5.60
Mutual Funds	3	3,222,588	3.58
Public	29,686	36,957,588	41.06
Total	30,680	90,000,000	100.00

m. Distribution of Shareholding as on 31st March 2011 :

Shareholding (Range)	No. of holders	No. of shares	% to Total Paid-up Capital
Upto 500	21,021	4,372,196	4.86
501 to 1000	3,926	3,344,205	3.72
1001 to 2000	2,411	3,739,857	4.16
2001 to 3000	1,083	2,771,622	3.08
3001 to 4000	442	1,591,331	1.77
4001 to 5000	486	2,247,383	2.50
5001 to 10000	716	5,255,540	5.83
10001 and above	595	66,677,866	74.08
Total	30,680	90,000,000	100.00

n. Dematerialisation of shares and liquidity as on 31st March 2011 :

Shares of the Company can be held and traded in Electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialised form.

Particulars	No. of holders	% of No of holders	No. of shares	% of Total Paid-up Capital
i) National Securities Depository Ltd (NSDL)	20,931	68.22	42,329,760	47.03
ii) Central Depository Services (India) Ltd (CDSL)	8,094	26.39	7,992,561	8.88
Demat form (i + ii)	29,025	94.61	50,322,321	55.91
iii) Physical form	1,655	5.39	39,677,679	44.09
Total	30,680	100.00	90,000,000	100.00

The company's shares are regularly traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

o. As on 31st March 2011, there are no Outstanding GDRs / ADRs / Warrants or any Convertible Instruments.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

p. **Address for correspondence**

Registrar & Transfer Agents

Integrated Enterprises (India) Limited,
2nd Floor, "KENCES" Towers,
No.1, Ramakrishna Street, North Usman Road,
T. Nagar, Chennai - 600 017, India.
Phone : +91 44 28140801-03
Fax : +91 44 28142479
Email : corpseiv@iepindia.com

Company

Secretarial Department,
Pricol Limited,
702/7, Avanashi Road,
Coimbatore - 641 037, India.
Phone : + 91 422 4336238 / 6272
Fax : + 91 422 4336299
Email : cs@pricol.co.in

q. **Website address**

: www.pricol.com

r. **Name of the Compliance Officer**

: Mr. T. G. Thamizhanban, Company Secretary

Coimbatore
30th May 2011

For and on behalf of the Board
Vijay Mohan
Chairman & Managing Director

CODE OF CONDUCT

The Company has laid down a code of conduct for all Board members and senior management personnel. The code of conduct is available on the website of the Company www.pricol.com. The declaration of the Chairman and Managing Director is given below:

Declaration

All the Board members and senior management personnel affirmed compliance with the code of conduct of the company for the financial year ended 31st March 2011.

Coimbatore
30th May 2011

Vijay Mohan
Chairman & Managing Director

COMPLIANCE CERTIFICATE FROM AUDITORS OF THE COMPANY

(Under Clause 49 of the Listing Agreement)

To the Members of **Pricol Limited**

We have examined the compliance of conditions of Corporate Governance by PRICOL LIMITED, for the year ended on 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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.

Coimbatore
30th May 2011

For Haribhakti & Co
Chartered Accountants
Firm Regn. No.103523W
C.S.Sathyarayanan
Partner
Membership No. 028328

TEN YEARS PERFORMANCE AT A GLANCE

OPERATING RESULTS

₹ Million

Year Ended 31st March	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net Sales & Service Charges										
— Domestic	2,273.91	2,635.61	3,295.05	3,891.32	4,217.01	4,809.48	4,803.69	4,765.51	6,338.06	7,082.73
— Export	187.22	348.38	409.24	598.36	599.87	1,024.35	1,260.94	1,375.25	1,085.86	1,058.21
Total Net Sales	2,461.13	2,983.99	3,704.29	4,489.68	4,816.88	5,833.83	6,064.63	6,140.76	7,423.92	8,140.94
Gross Surplus from Operation	430.00	542.71	785.61	890.31	778.13	954.17	763.11	335.34	909.50	753.72
Other Income	6.74	8.24	11.91	19.45	29.30	30.36	69.41	42.28	33.30	72.16
Depreciation & Amortisation (a)	171.97	188.83	205.47	218.90	256.60	295.92	327.19	364.91	351.78	337.04
Interest & Finance Charges (b)	134.77	105.13	80.02	68.33	121.87	180.48	287.00	395.51	316.45	273.12
Profit / (Loss) Before Tax (PBT) (c)	130.00	256.99	512.03	622.53	428.96	508.13	218.33	(382.80)	274.57	215.72
Tax Provision incl. Deferred Tax	39.50	105.00	176.00	210.00	125.87	146.00	27.50	(82.56)	19.77	(15.43)
Profit / (Loss) After Tax (PAT) (d)	90.50	151.99	336.03	412.53	303.09	362.13	190.83	(300.24)	254.80	231.15
Dividend (including Tax) (e)	21.00	40.61	60.92	102.62	102.62	105.30	63.18	—	41.98	62.76
Retained Profit / (Loss)	69.50	111.38	275.11	309.91	200.47	256.83	127.65	(300.24)	212.82	168.39
As at 31st March	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011

SOURCES OF FUNDS

Share Capital	60.00	60.00	60.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Reserves & Surplus	924.94	899.20	918.96	1,163.81	1,394.06	1,650.89	1,778.54	1,478.30	1,691.12	1,859.51
Network (f)	984.94	959.20	978.96	1,253.81	1,484.06	1,740.89	1,868.54	1,568.30	1,781.12	1,949.51
Deferred Tax Liability / (Asset)	87.19	110.19	103.19	93.19	87.19	67.19	37.19	(29.81)	(56.81)	7.00
Loan Funds (g)	1,128.70	1,194.32	1,152.34	1,558.71	2,334.16	2,979.65	3,250.60	3,090.05	2,559.98	2,380.60
Total Capital Employed (h)	2,200.83	2,263.71	2,234.49	2,905.71	3,905.41	4,787.73	5,156.33	4,628.54	4,284.29	4,337.11

APPLICATION OF FUNDS

Gross Fixed Assets	1,977.80	2,250.45	2,538.82	3,130.38	3,505.33	4,186.60	4,741.85	4,972.66	5,127.37	5,141.36
Depreciation	860.11	1,044.06	1,241.42	1,326.63	1,502.76	1,794.99	2,119.56	2,461.98	2,804.32	2,979.66
Net Fixed Assets	1,117.69	1,206.39	1,297.40	1,803.75	2,002.57	2,391.61	2,622.29	2,510.68	2,323.05	2,161.70
Investments	126.69	80.15	76.50	49.83	277.74	243.74	182.91	182.91	252.41	252.41
Net Current Assets	956.45	977.17	860.59	1,052.13	1,625.10	2,152.38	2,351.13	1,934.95	1,708.83	1,923.00
Net Assets Employed	2,200.83	2,263.71	2,234.49	2,905.71	3,905.41	4,787.73	5,156.33	4,628.54	4,284.29	4,337.11

PERFORMANCE INDICATORS

Equity shares (Nos. in Mn) (j)	6.00	6.00	6.00	@ 90.00	90.00	90.00	90.00	90.00	90.00	90.00
Earnings per share (EPS) (₹) (d/i)	15.08	25.33	56.01	# 4.58	3.37	4.02	2.12	(3.34)	2.83	2.57
Dividend per share (₹)	3.50	6.00	9.00	1.00	1.00	1.00	0.60	—	0.40	0.60
Network per share (NWPS) (₹) (f/i)	164.16	159.87	163.16	# 13.93	16.49	19.34	20.76	17.43	19.79	21.66
Return on Average Network (RONW) (%) *	9.13	15.64	34.68	36.95	22.14	22.46	10.57	(17.47)	15.21	12.39
Return on Average Capital Employed (ROCE) (%) **	12.16	16.22	26.32	26.88	16.17	15.84	10.16	0.26	13.26	11.34
Total Debt to Network (g/f)	1.15	1.25	1.18	1.24	1.57	1.71	1.74	1.97	1.44	1.22
Interest Coverage Ratio (a+b+c)/b	3.24	5.24	9.97	13.32	6.63	5.46	2.90	0.95	2.98	3.02

@ Increase in the Equity shares is on account of Bonus issue in the ratio 1:2 and splitting of the equity shares from the face value of ₹ 10/- per share to ₹ 1/- per share on 15th July 2004.

Earnings per Share and Network Per Share have been calculated on the enhanced Equity Capital on account of the Bonus Issue and enhanced number of Equity Shares due to Stock Split.

* $RONW = [PAT / ((Previous\ Year\ Network + Current\ Year\ Network) / 2)] \times 100$

** $ROCE = [(PBT + Interest) / ((Previous\ Year\ Capital\ Employed + Current\ Year\ Capital\ Employed) / 2)] \times 100$

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS

- 1) We have audited the attached Balance Sheet of Pricol Limited, Coimbatore as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India (the 'Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of the written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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 attached schedules and notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W
C. S. Sathyanarayanan
Partner
Membership No. 028328

Coimbatore
30th May 2011

Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Pricol Limited on the financial statements for the year ended 31st March, 2011]

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. As informed, no material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- 2) a) The inventory (including stocks with third parties) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventories and discrepancies noticed on physical

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS (Contd.)

- verification of Inventories as compared to book records were not material and have been appropriately dealt with.
- 3) a) The Company has granted loan to three companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 107 Million and the year end balance of loans granted to such parties was ₹ 105 Million.
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the Company.
- d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- e) Other than the above, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal control system of the company.
- 5) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five Lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- 7) In our opinion, the Company has an Internal Audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- 9) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the records of the Company, the statutory dues outstanding on account of any dispute, are as follows:

Sl. No.	Name of the Statute	Period to which the amount relates	Nature of the Dues	Amount disputed ₹ Million	Amount paid ₹ Million	Forum where dispute is pending
1.	Central Excise Act / Service Tax	1990-2011	i) Excise Duty	23.131	Nil	Supreme court
			ii) Excise Duty	15.630	Nil	High court
			iii) Excise Duty	6.915	Nil	CESTAT
			iv) Excise Duty	0.678	Nil	Joint Secretary, Finance
			v) Excise Duty	4.431	Nil	Commissionerate
			vi) Service Tax	83.602	Nil	CESTAT
			vii) Service Tax	1.961	Nil	Commissioner (Appeals)
			viii) Service Tax	35.272	Nil	Commissionerate
2.	Sales Tax Act	1995-1997	i) Sales Tax	13.325	Nil	Interim stay granted by High Court
			ii) Penalty	19.988	Nil	

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS (Contd.,)

- | | |
|---|---|
| <p>10) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.</p> <p>11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or banks.</p> <p>12) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>15) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by wholly owned subsidiary company from banks are not prejudicial to the interest of the company.</p> <p>16) In our opinion, the term loans have been applied for the purpose for which the loans were raised.</p> | <p>17) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.</p> <p>18) According to the information and explanation 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 Companies Act, 1956.</p> <p>19) According to the information and explanations given to us, no debentures have been issued by the company during the year.</p> <p>20) The Company has not raised money by way of public issue during the year.</p> <p>21) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.</p> |
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For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W
C. S. Sathyanarayanan
Partner
Membership No. 028328

Coimbatore
30th May 2011

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention :

The financial statements have been prepared under Historical Cost Convention on the basis of going concern and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, wherever applicable.

2. Fixed Assets & Depreciation :

- a) Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, accumulated amortisation and cumulative impairment. Costs include pre-operative expenses and all expenses related to acquisition and installation of the assets concerned.
- b) Own manufactured assets are capitalised at cost including an appropriate share of overheads.
- c) (i) Depreciation has been provided under the Straight Line Method as per Schedule XIV to the Companies Act, 1956 except for Dies, Tools and

Moulds, which are depreciated at 33.33%. Depreciation for Plant & Machinery has been provided on three shift basis.

(ii) Intangible assets are amortised as follows: -

- i) Specialised software : Over a period of 4 years
- ii) Fees for technical Know-how : Over a period of 4 years

d) As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine;

- i) the provision for impairment loss, if any, required or;
- ii) the reversal, if any, required of impairment loss recognised in previous periods.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

3. Investments :

- a) Long Term Investments are stated at cost.

SIGNIFICANT ACCOUNTING POLICIES (Contd..)

- b) Current Investments are carried at lower of cost and fair value as on the Balance Sheet date.
 - c) Provision for diminution in value of long term investments is made, if the diminution is other than temporary.
- 4. Valuation of Inventories :**
- a) Inventories are valued at lower of cost and estimated net realisable value. Cost is arrived at on weighted average basis.
 - b) Excise Duty is added in the closing inventory of finished goods.
 - c) The basis of determining cost for various categories of inventories are as follows:
 - i) Raw Materials, Packing : Weighted Average
Materials and Stores & Spares : Basis.
 - ii) Finished Goods and : Cost of Direct
Work-in-progress : Material, labour &
other Manufacturing
overheads
- 5. Revenue Recognition :**
- a) The company generally follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
 - b) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on despatch of goods.
 - c) Dividend Income is recognised when the right to receive the dividend is unconditional at the Balance Sheet date.
 - d) Claims made by the Company and those made on the Company are recognised in the Profit and Loss Account as and when the claims are accepted.
 - e) Price Increase / Decrease consequent to fluctuations in market prices, are accounted as and when the same are approved by the customers.
- 6. Foreign Currency Transactions :**
- a) Foreign Currency transactions are recorded at exchange rates prevailing on the date of such transaction.
 - b) Foreign currency assets and liabilities at the year end are realigned at the exchange rate prevailing at the year end and difference on realignment is recognised in the Profit & Loss Account.
 - c) Premium / discount in respect of Forward Contract is amortised as expense / income over the period of contract. Exchange difference arising on forward contracts between the exchange rate on the date of the transaction and the exchange rate prevailing at the year end is recognised in the profit and loss account.
- 7. Research and Development :**
Revenue Expenditure on Research and Development
- is charged under respective heads of account. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.
- 8. Employee Benefits :**
- a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
 - b) Post employment and other long term benefits, which are defined benefit plans are recognised as an expense in the Profit and Loss Account for the year in which the employee has rendered service. The expense is recognised based on the present value of the obligation determined in accordance with Revised Accounting Standard 15 on "Employee Benefits". Actuarial gains & losses are charged to the Profit and Loss Account.
 - c) Payments to defined contribution schemes are charged as expense as and when incurred.
 - d) Termination benefits are recognised as an expense as and when incurred.
- 9. Borrowing Costs :**
- a) Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. All other borrowing costs are charged to revenue.
 - b) A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale.
- 10. Taxes on Income :**
- a) Current tax on income for the period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessment / appeals.
 - b) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
 - c) Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realised.
- 11. Accounting Standards :**
Accounting Standards as prescribed under Section 211 (3C) of the Companies Act, 1956 have been followed wherever applicable.
- 12. Operating Leases :**
The premium paid for leasehold rights are amortised over the lease period. The annual lease payments are charged off to the Profit and Loss Account.

STATEMENT IN PURSUANCE OF SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary Company	Integral Investments Limited	English Tools and Castings Limited	PT Pricol Surya, Indonesia
2. Financial year of the Subsidiary ended on	31st March 2011	31st March 2011	31st March 2011
3. Holding Company's interest in the Subsidiary	2,250,000 Equity Shares of ₹ 10/- each (100%)	14,883,700 Equity Shares of ₹ 10/- each (100%)	1,500 Equity Shares of USD 1000 each (100%)
4. Net aggregate amount of the Profit / (Loss) of the Subsidiary not dealt within the Holding Company's Accounts			
a) For the current financial year of the Subsidiary Company	₹ 0.336 Mn.	(₹ 8.843 Mn.)	(₹ 9.758 Mn.) (Indonesian Rupiah 1.951.537.050)
b) For the previous financial years of the Subsidiary Company	(₹ 4.751 Mn.)	(₹ 57.965 Mn.)	(₹ 68.494 Mn.) (Indonesian Rupiah 13.430.263.479)
5. Net aggregate amount of the Profit / (Loss) of the Subsidiary dealt within the Holding Company's Accounts			
a) For the current financial year of the Subsidiary Company	Nil	Nil	Nil
b) For the previous financial years of the Subsidiary Company	₹ 1.294 Mn.	Nil	Nil

For and on behalf of the Board

Vijay Mohan
Chairman & Managing Director

D. Sarath Chandran
Director

Vanitha Mohan
Executive Director

K. Ramesh
Vice President & CFO

T.G. Thamizhanban
Company Secretary

BALANCE SHEET AS AT 31st MARCH 2011

	Schedule	31-3-2011 ₹ Million	31-3-2010 ₹ Million
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	90.000	90.000
Reserves & Surplus	II	1,859.509	1,691.121
		<u>1,949.509</u>	<u>1,781.121</u>
Loan Funds			
Secured Loans	III	2,249.357	2,559.976
Unsecured Loans	IV	131.246	—
		<u>2,380.603</u>	<u>2,559.976</u>
Deferred Tax Liability		7.000	—
Total		<u>4,337.112</u>	<u>4,341.097</u>
APPLICATION OF FUNDS			
Fixed Assets			
a. Gross Block	V	5,119.740	5,097.976
b. Less : Accumulated Depreciation		<u>2,979.658</u>	<u>2,804.315</u>
c. Net Block		2,140.082	2,293.661
d. Capital Work-in-progress		21.621	29.393
		<u>2,161.703</u>	<u>2,323.054</u>
Investments	VI	252.407	252.407
Deferred Tax Asset		—	56.810
Current Assets, Loans and Advances			
a. Inventories	VII	1,325.518	1,250.221
b. Sundry Debtors		2,072.118	1,852.412
c. Cash and Bank Balances		93.091	118.137
d. Loans and Advances		<u>481.164</u>	<u>685.947</u>
(A)		<u>3,971.891</u>	<u>3,906.717</u>
Less: Current Liabilities & Provisions			
a. Liabilities	VIII	1,871.561	1,765.031
b. Provisions		<u>177.328</u>	<u>432.860</u>
(B)		<u>2,048.889</u>	<u>2,197.891</u>
Net Current Assets	(A - B)	<u>1,923.002</u>	<u>1,708.826</u>
Total		<u>4,337.112</u>	<u>4,341.097</u>

Schedule I to VIII, Significant Accounting Policies and the Notes on accounts form part of this Balance Sheet.

As per our report of date attached
For Haribhakti & Co.,
Chartered Accountants
Firm Regn. No.103523W
C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 30th May 2011

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

For and on behalf of the Board

K. Ramesh
Vice President & CFO

D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary

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

Schedule	2010-11 ₹ Million	2009-10 ₹ Million
INCOME		
Gross Sales & Services - Domestic	8,011.504	7,188.264
- Export	1,062.933	1,158.872
	<u>9,074.437</u>	<u>8,347.136</u>
Less : Excise Duty and Sales Tax	904.749	886.975
: Commission & Discount on Sales	28.746	36.237
Net Sales & Services	8,140.942	7,423.924
Increase / (Decrease) in Stock of Finished Goods	(50.424)	(50.559)
Cost of In-house manufactured Machines & Toolings Capitalised	54.487	63.149
	<u>8,145.005</u>	<u>7,436.514</u>
Production Value		
EXPENDITURE		
Raw Materials & Components Consumed	5,426.074	4,836.466
Employees' Cost	1,132.226	909.910
Power & Utilities	183.572	154.017
Stores & Spares Consumed	46.475	35.882
Repairs & Maintenance	85.983	74.875
Other Expenditure	516.957	515.852
	<u>7,391.287</u>	<u>6,527.002</u>
Profit Before Interest, Depreciation & Other Income	753.718	909.512
Add : Other Income	72.161	33.297
Less : Interest & Finance Charges	273.116	316.452
: Depreciation & Amortisation	337.040	351.783
	<u>215.723</u>	<u>274.574</u>
Profit Before Tax	215.723	274.574
Less : Provision for Taxation		
Current Tax	43.490	46.771
Deferred Tax	63.810	(27.000)
MAT Credit	(43.490)	—
Taxation relating to earlier years	(79.235)	—
	<u>231.148</u>	<u>254.803</u>
Profit After Tax	231.148	254.803
Add : Balance brought forward	71.212	(115.612)
	<u>302.360</u>	<u>139.191</u>
Amount available for appropriation	302.360	139.191
APPROPRIATION :		
Dividend - 60 % (Previous year - 40%)	54.000	36.000
Tax on Dividend	8.760	5.979
General Reserve	125.000	26.000
Surplus to be carried over	114.600	71.212
	<u>302.360</u>	<u>139.191</u>
Earnings per Share (Basic / Diluted) (in Rupees)		
(Face Value of ` 1/-)	2.57	2.83

Schedule IX to XV, Significant Accounting Policies and the Notes on Accounts form part of this Profit & Loss Account.

As per our report of date attached

For and on behalf of the Board

For Haribhakti & Co.,
Chartered Accountants
Firm Regn. No.103523W

Vijay Mohan
Chairman & Managing Director

D. Sarath Chandran
Director

C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 30th May 2011

Vanitha Mohan
Executive Director

K. Ramesh
Vice President & CFO

T.G. Thamizhanban
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-3-2011 ₹ Million	31-3-2010 ₹ Million
Schedule I - SHARE CAPITAL		
Authorised		
100,000,000 Equity Shares of ₹ 1/-each	<u>100.000</u>	<u>100.000</u>
Issued, Subscribed and Paid-up		
90,000,000 Equity Shares of ₹ 1/- each (Of the above 37,500,000 Equity Shares of ₹ 1/- each have been issued as fully paid-up Bonus Shares by capitalisation of Reserves)	<u>90.000</u>	<u>90.000</u>
Schedule II - RESERVES & SURPLUS		
Securities Premium Account	181.000	181.000
General Reserve		
As per last Balance Sheet	1,438.909	1,412.909
Add : Transfer from Profit & Loss Account	<u>125.000</u>	<u>26.000</u>
	1,563.909	1,438.909
Surplus		
Balance in Profit & Loss Account	<u>114.600</u>	<u>71.212</u>
	<u>1,859.509</u>	<u>1,691.121</u>
Schedule III - SECURED LOANS		
a. Term Loans from Banks :		
- In Rupee	1,521.975	2,003.166
- In Foreign Currency	—	41.150
b. Term Loan from Others	10.296	15.405
c. Working Capital Facilities from Banks :		
- In Rupee	402.800	112.097
- In Foreign Currency	314.286	388.158
	<u>2,249.357</u>	<u>2,559.976</u>
Schedule IV - UNSECURED LOANS		
Term Loan from Others :		
- In Rupee	<u>131.246</u>	—
	<u>131.246</u>	—

SCHEDULES (Contd.,)

Schedule V - FIXED ASSETS

₹ Million

	Gross Block				Depreciation / Amortisation				Net Block	
	Cost as on 1-4-2010	Additions during 2010-11	Sales/transfer during 2010-11	Balance as on 31-3-2011	Upto 31-3-2010	For 2010-11	Withdrawn during 2010-11	Total upto 31-3-2011	Written down Value as on 31-3-2011	as on 31-3-2010
Tangible Assets										
Freehold Land	107.605	—	6.024	101.581	—	—	—	—	101.581	107.605
Leasehold Land	26.048	0.831	—	26.879	0.706	0.263	—	0.969	25.910	25.342
Buildings	1,125.319	5.169	0.699	1,129.789	241.164	37.236	0.638	277.762	852.027	884.155
Plant & Machinery	3,420.979	177.532	39.188	3,559.323	2,312.972	258.059	36.831	2,534.200	1,025.123	1,108.007
Furniture, Fittings & Equipments	53.236	0.192	4.051	49.377	26.465	2.791	4.051	25.205	24.172	26.771
Vehicles	80.660	7.386	18.252	69.794	32.360	6.196	8.297	30.259	39.535	48.300
Total Tangible Assets	4,813.847	191.110	68.214	4,936.743	2,613.667	304.545	49.817	2,868.395	2,068.348	2,200.180
Intangible Assets										
Computer Software	85.144	7.763	—	92.907	59.709	10.962	—	70.671	22.236	25.435
Technical Knowhow	198.985	2.985	111.880	90.090	130.939	21.533	111.880	40.592	49.498	68.046
Total Intangible Assets	284.129	10.748	111.880	182.997	190.648	32.495	111.880	111.263	71.734	93.481
Total	5,097.976	201.858	180.094	5,119.740	2,804.315	337.040	161.697	2,979.658	2,140.082	2,293.661
Previous year	4,940.870	190.337	33.231	5,097.976	2,461.980	351.783	9.448	2,804.315		
Capital Work-in-progress [including Capital Advances of ₹ 3.250 Mn. (Previous year 2009-10 - ₹ 20.443 Mn.)]									21.621	29.393
Total Assets									2,161.703	2,323.054

Note : Additions to Fixed Assets includes Research & Development Capital Expenditure of ₹ 60.871 Mn. (Previous year 2009-10 - ₹ 69.630 Mn.)

31-3-2011
₹ Million

31-3-2010
₹ Million

Schedule VI - INVESTMENTS

Long Term Investments (at Cost)

1. Shares in Subsidiary Company - Non Trade - Unquoted :

2,250,000 Equity Shares of ₹ 10/- each fully paid-up in Integral Investments Limited

22.500

22.500

2. Shares in Subsidiary Company - Trade - Unquoted :

a) 14,883,700 Equity Shares of ₹ 10/- each fully paid-up in English Tools and Castings Limited

162.000

162.000

b) 1,500 Equity Shares of USD 1,000 each fully paid-up in PT Pricol Surya, Indonesia

67.907

67.907

Aggregate Cost of Un-Quoted Investments (long term)

252.407

252.407

SCHEDULES (Contd.,)

	31-3-2011 ₹ Million	31-3-2010 ₹ Million
Schedule VII - CURRENT ASSETS, LOANS AND ADVANCES		
a. Inventories :		
Stock of Stores & Spares	30.277	28.130
Raw Materials & Components	864.991	771.525
Work-in-progress	196.887	167.797
Finished Goods	123.561	173.985
Land - Stock in Trade	109.802	108.784
	<u>1,325.518</u>	<u>1,250.221</u>
b. Sundry Debtors :		
Unsecured Considered Good		
a) Outstanding for a period exceeding six months	550.951	516.244
b) Others	1,521.167	1,336.168
	<u>2,072.118</u>	<u>1,852.412</u>
Unsecured Considered Doubtful	56.127	38.360
Less : Provision for Doubtful Debts	56.127	38.360
	<u>—</u>	<u>—</u>
	<u>2,072.118</u>	<u>1,852.412</u>
c. Cash & Bank Balances :		
Cash on hand	0.986	0.654
Balances with Scheduled Banks		
In Current Account	15.845	38.703
In Unclaimed Dividend Account	4.610	4.411
In Margin Money Account / Fixed Deposits	70.031	69.970
	<u>91.472</u>	<u>113.738</u>
Balances with other banks (See Note No. : 32)		
In Current Account	1.619	4.399
	<u>93.091</u>	<u>118.137</u>
d. Loans and Advances :		
Advances Recoverable in cash or in kind or for value to be received		
Unsecured considered good	144.228	71.927
(Loan due from subsidiary company - ₹ 94.573 Mn. Previous year - ₹ 17.937 Mn.)		
Unsecured considered doubtful	1.305	1.305
Less : Provision for Doubtful Advances	1.305	1.305
	<u>144.228</u>	<u>71.927</u>
Deposits	28.151	29.890
Balances with Government Authorities	104.560	159.663
Prepaid expenses	8.283	12.423
Tax payments pending adjustment	195.942	412.044
	<u>481.164</u>	<u>685.947</u>
	<u>3,971.891</u>	<u>3,906.717</u>

SCHEDULES (Contd.,)

	31-3-2011 ₹ Million	31-3-2010 ₹ Million
Schedule VIII - CURRENT LIABILITIES AND PROVISIONS		
a. Liabilities :		
Sundry Creditors		
- Dues to Micro, Small and Medium Enterprises	24.216	16.571
- Others	1,830.655	1,729.745
(Due to Subsidiary Companies - ₹ 2.485 Mn. Previous year - ₹ 3.369 Mn.)		
Interest accrued but not due on loans	9.537	13.437
Due to Directors	2.418	0.698
Investor Education and Protection Fund - not due:		
Unclaimed Dividend	4.610	4.411
Unclaimed Deposits including interest	0.125	0.169
	<u>4.735</u>	<u>4.580</u>
	<u>1,871.561</u>	<u>1,765.031</u>
b. Provisions :		
For Taxation	96.861	390.881
For Gratuity	17.707	—
For Dividend	54.000	36.000
For Tax on Dividend	8.760	5.979
	<u>177.328</u>	<u>432.860</u>
	<u>2,048.889</u>	<u>2,197.891</u>

Schedule IX - INCOME

	2010-11 ₹ Million	2009-10 ₹ Million
Sales & Services		
Domestic Sales & Services		
Sale of Finished Products	7,970.280	7,147.112
(Inclusive of Excise Duty and Sales Tax)		
Service Charges	34.623	33.101
Sale of Wind Power	6.601	8.051
	<u>8,011.504</u>	<u>7,188.264</u>
Less : Excise Duty	639.119	485.156
Sales Tax	265.630	333.558
Discount & Commission on Domestic Sales	24.028	31.486
	<u>7,082.727</u>	<u>6,338.064</u>
Export Sales		
Sale of Finished Products (Inclusive of Excise Duty)	1,062.933	1,158.872
Less : Excise Duty	—	68.261
Commission on Export Sales	4.718	4.751
	<u>1,058.215</u>	<u>1,085.860</u>
	<u>8,140.942</u>	<u>7,423.924</u>

SCHEDULES (Contd.,)

	2010-11 ₹ Million	2009-10 ₹ Million
Schedule X - INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS		
Stock at Closing	123.561	173.985
Less : Stock at Opening	173.985	224.544
	<u>(50.424)</u>	<u>(50.559)</u>

Schedule XI - EXPENDITURE

RAW MATERIALS & COMPONENTS CONSUMED

Opening Stock

a) Raw Materials & Components	771.525	844.333
b) Work-in-progress	167.797	162.018
	<u>939.322</u>	1,006.351
Add : Purchases	5,843.348	4,886.487
	<u>6,782.670</u>	5,892.838

Less : Closing Stock

a) Raw Materials & Components	864.991	771.525
b) Work-in-progress	196.887	167.797
	<u>1,061.878</u>	939.322
	<u>5,720.792</u>	4,953.516
Less : Sale of Raw Materials & Scrap	388.677	215.126
Add : Direct Expenses	93.959	98.076
Total Raw Materials & Components Consumed	<u>5,426.074</u>	<u>4,836.466</u>

Includes materials consumed for In-house Manufacture of Machines & Toolings of ₹ 26.332 Mn. (Previous year - ₹ 39.948 Mn.)

EMPLOYEES' COST

a) Pay, Allowances and Bonus	975.834	787.594
b) Contribution to Provident and Other Funds	41.300	35.729
c) Gratuity	21.713	(1.964)
d) Welfare	93.379	88.551
	<u>1,132.226</u>	<u>909.910</u>

REPAIRS AND MAINTENANCE

Machinery	68.679	61.283
Building	7.221	5.584
Others	10.083	8.008
	<u>85.983</u>	<u>74.875</u>

SCHEDULES (Contd.,)

	2010-11 ₹ Million	2009-10 ₹ Million
Schedule XI - EXPENDITURE (Contd.,)		
OTHER EXPENDITURE		
Printing & Stationery	11.801	8.982
Postage & Telephone	11.853	12.225
Rent	10.766	8.377
Rates, Taxes & Licence	15.770	16.546
Insurance	13.097	11.691
Bank Charges	18.780	12.991
Travelling & Conveyance	78.889	63.205
Freight & Forwarding and Selling Expenses	217.775	169.961
Advertisement, Publicity & Sales Promotion	2.481	9.570
Royalty	34.655	44.755
Bad Debts written off	4.647	17.278
Provision for doubtful debts (Net)	2.487	0.633
Commission to Non-Whole Time Directors	0.691	—
Auditors' Remuneration	2.261	2.674
Professional Charges	57.469	31.150
Exchange Fluctuation (Net)	24.738	99.081
Miscellaneous Expenses	7.797	6.733
Donations	1.000	—
	<u>516.957</u>	<u>515.852</u>
Schedule XII - OTHER INCOME		
Interest Received (TDS - ₹ 0.520 Mn.) (Previous year - ₹ 0.067 Mn.)	8.693	5.015
Income from Mutual Funds	0.096	0.248
Rent Received	3.869	3.154
Trading Income	3.728	2.683
Sundry Income	0.086	0.821
Export Incentives	11.286	15.078
Profit on Sale of Assets (Net)	44.403	6.298
	<u>72.161</u>	<u>33.297</u>
Schedule XIII - INTEREST & FINANCE CHARGES		
Interest on Fixed Loans	212.613	213.177
Interest on Other Loans	53.822	87.229
Finance Charges	6.681	16.046
	<u>273.116</u>	<u>316.452</u>
Schedule XIV - EARNINGS PER SHARE (Basic / Diluted)		
a. Profit After Tax	231.148	254.803
b. Equity Share of ₹ 1/- each (Nos. in Mn.)	90.000	90.000
c. Earnings per Share (a / b) (in ₹)	2.57	2.83
Schedule XV - RESEARCH & DEVELOPMENT EXPENDITURE		
Capital	60.871	69.630
Recurring	229.114	156.245
Grant Received	(2.500)	(0.710)
	<u>287.485</u>	<u>225.165</u>

Note : Research & Development expenses of Revenue nature have been classified under the relevant heads of accounts in Schedule XI of the Profit & Loss Account and the main statement of Profit & Loss Account and the expenditure of Capital nature is grouped under fixed assets.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2011

1. Secured Loans :

- a) Rupee Term Loan from Indian Overseas Bank is secured by an exclusive charge on the specific movable and immovable properties of the company.
 - b) Corporate Loan and Rupee Term Loan from Indian Bank are secured by an exclusive charge on the specific movable and immovable properties of the company.
 - c) Rupee Term Loan from Canara Bank is secured by an exclusive charge on the specific movable and immovable properties of the company.
 - d) Corporate Loan from Andhra Bank and Corporate Loan from State Bank of India is secured by pari-passu first charge on the specific immovable properties of the company. Corporate Loan from Andhra Bank is further secured by an exclusive charge on the specific immovable properties of the company.
 - e) Cash Credit Facilities from banks are secured by way of hypothecation of stock of raw materials, finished goods, consumable stores & spares, work-in-progress and book debts of the company.
 - f) Cash Credit Facilities from Andhra Bank, State Bank of India, ICICI Bank, Indian Overseas Bank are further secured by pari-passu second charge on the specific immovable properties of the Company.
 - g) Cash Credit Facilities from Canara Bank is further secured by pari-passu second charge on the specific immovable property of the Company.
 - h) Cash Credit Facilities from IDBI Bank and The Bank of Nova Scotia are further secured by a pari-passu second charge on the specific immovable property of the Company.
 - i) Cash Credit Facilities from Indian Bank is further secured by pari-passu second charge on the specific immovable property of the Company.
 - j) Secured loans from others are secured by hypothecation of specific vehicles purchased out of the loan.
2. Estimated value of contracts remaining to be executed on capital accounts is ₹ 6.550 million.
 3. Loans & Advances includes security deposit for leasehold land amounting to ₹ 10.302 million.

4. Stores and spares consumed is net of realisation of sale of stores materials of ₹ 0.014 million (Previous year - ₹ 0.059 million)
5. Provision for Taxation includes Wealth Tax.
6. Income tax assessments are completed upto Assessment Year 2008-09.

7. Deferred Tax :

	As at 31-3-2011	As at 31-3-2010
	₹ Million	
Deferred Tax Asset / (Liability) on account of :		
Depreciation	(133.624)	14.712
Add : Deferred Tax Asset on account of :		
Tax, Duties, Cess etc.	126.624	42.098
Total	<u>(7.000)</u>	<u>56.810</u>

8. Net Foreign Exchange Gain / (Loss) is on account of :

	2010-11	2009-10
	₹ Million	
(i) Exports	13.306	(24.029)
(ii) Payables	(33.357)	(16.277)
(iii) Loans	(4.687)	(41.847)
(iv) Interest rate Swaps / Options / Derivatives	—	(16.928)
Gain / (Loss)	<u>(24.738)</u>	<u>(99.081)</u>

9. Trading Income represents Gain on Goods Traded of :

	2010-11	2009-10
	₹ Million	
Sale of Traded Goods	252.957	193.370
Less : Purchases of Traded Goods / Other Expenses	249.229	190.687
Total	<u>3.728</u>	<u>2.683</u>

10. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

11. Figures have been rounded off to the nearest thousand.

12. Net sales and services includes sale of Wind Power of ₹ 6.601 million (Previous year - ₹ 8.051 million) representing units supplied to the grid against which equivalent consumption was made inhouse.

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	2010-11 ₹ Million	%	2009-10 ₹ Million	%
13. Value of imported and indigenous Raw Materials and Components Consumed :				
Raw Materials and Components Consumed :				
Imported	1,076.395	19.73	1,371.800	28.33
Indigenous	4,378.769	80.27	3,470.445	71.67
	<u>5,455.164</u>	<u>100.00</u>	<u>4,842.245</u>	<u>100.00</u>
(Increase) / Decrease in Work-in-progress	(29.090)		(5.779)	
Total	<u>5,426.074</u>		<u>4,836.466</u>	
14. Earnings in Foreign Currency (FOB) :				
Export Sales & Services	1,062.933		1,090.611	
Less : Insurance & Freight on Sales	60.711		41.175	
	<u>1,002.222</u>		<u>1,049.436</u>	
15. Foreign Exchange Outgo :				
<u>CIF Value of Imports :</u>				
Raw Materials & Components	1,533.388		1,648.905	
Spares	5.175		3.763	
Capital Goods	62.213		22.697	
Total	<u>1,600.776</u>		<u>1,675.365</u>	
<u>Other Payments :</u>				
Lumpsum Know-how fee	1.331		2.417	
Royalty on Sales	23.107		38.586	
Interest on Foreign Currency Loans	24.650		51.550	
Other matters	57.619		62.497	
Dividend *	4.500		—	
Total	<u>111.207</u>		<u>155.050</u>	
16. Dividend remitted in Foreign Currency *				
a) Dividend (₹ Million)	4.500		—	
b) No. of Non-Resident Shareholders (in Nos.)	1		1	
c) No. of Shares of ₹ 1 each held by them (in Nos.)	11,250,000		11,250,000	
17. Remuneration to Auditors :				
For Audit (exclusive of Service Tax)	1.450		1.250	
For Taxation Matters	0.386		1.122	
For Certification	0.346		0.211	
Reimbursement of Expenses	0.079		0.091	
Total	<u>2.261</u>		<u>2.674</u>	

NOTES FORMING PART OF ACCOUNTS (Contd.,)

18. Provisions as on the closing date are as follows :				₹ Million
	Opening Balance 1-4-2010	Additional	Reversal	Closing Balance 31-3-2011
1. Excise Duty Demands	32.289	—	—	32.289
2. Others	0.334	—	—	0.334
Total	32.623	—	—	32.623

Note : The Company is contesting before the appropriate authorities in respect of the demands referred in Sl. No.1 above. Reimbursement of claims, if certain, has been appropriately considered.

19. Contingent Liabilities as on the closing date are as follows :			₹ Million
	As at 31-3-2011	As at 31-3-2010	
Sales Tax Matters	33.313	33.313	
Excise Matters	139.331	46.312	
Corporate Guarantee to Foreign Subsidiary	138.415	139.934	
Other Claims against the Company not acknowledged as debts	—	14.100	
Total	311.059	233.659	

20. Debtors include an amount of ₹ 369.977 Mn. (Previous year - ₹ 425.058 Mn.) outstanding for more than six months from a company in which Chairman & Managing Director has substantial interest.

21. Fixed deposits with banks includes Deposits of ₹ 68 Million under lien with banks for Facilities extended to wholly owned subsidiaries.

22. a) Particulars regarding defined benefit plan :

The company operates a defined benefit plan for payment of post employment benefits in the form of Gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided in the Payment of Gratuity Act, 1972. The terms of the benefits are common for all the employees of the company.

I. Principal actuarial assumptions used as at the Balance Sheet date :

Period Covered	2010-11	2009-10
Discount Rate	8.31% p.a.	8.08% p.a.
Expected Return on Plan assets	8.00% p.a.	8.00% p.a.
Average future working life	19 yrs	19 yrs

The estimates of future salary increases considered in actuarial valuation, taking into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

II. Changes in the Present Value of the Obligation :

	₹ Million	₹ Million
Present Value of obligation beginning of the period	113.844	111.077
Interest cost	9.104	8.452
Current service cost	11.901	9.960
Past service cost	—	—
Benefits paid	(8.571)	(12.949)
Actuarial (Gain) / Loss on obligation	9.769	(2.696)
Present Value of obligation end of the period	136.047	113.844

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	2010-11 ₹ Million	2009-10 ₹ Million	
III. Changes in the Fair Value of plan assets :			
Fair Value of plan assets beginning of the period	117.209	111.149	
Expected return on plan assets	9.480	9.134	
Contributions	—	—	
Benefits paid	(7.112)	(12.949)	
Actuarial Gain / (Loss) plan assets	0.222	9.875	
Fair Value of plan assets as at the end of the period	119.799	117.209	
IV. Amounts recognised in the Balance Sheet :			
Present Value of the obligation	136.047	113.844	
Fair Value of plan assets	(119.799)	(117.209)	
Liability / (Asset)	16.248	(3.365)	
Unrecognised past service cost	—	—	
Asset / (Liability) recognised in the Balance Sheet	(16.248)	3.365	
V. Expenses recognised in the statement of Profit & Loss Account :			
Current service cost	11.901	9.960	
Interest Cost	9.104	8.452	
Expected return on plan assets	(9.480)	(9.134)	
Net actuarial (Gain) / Loss recognised in the year	9.547	(12.571)	
Past service cost	—	—	
Expenses recognised in the statement of Profit & Loss Account	21.072	(3.293)	
The expense has been included under the head "Gratuity" under "Employees' Cost" in the Profit and Loss Account.			
		₹ Million	
VI. Amount for the current period :			
Present value of obligation	136.047	113.844	111.077
Plan Assets	119.799	117.209	111.149
Surplus / (Deficit)	(16.248)	3.365	0.072
Experience adjustments on plan liabilities	12.706	2.688	(12.380)
Experience adjustments on plan assets	0.222	9.875	(9.412)
VII. Major Categories of plan assets (As percentage of total plan assets) :			
Funds managed by Insurance Companies	100%	100%	100%
VIII. Enterprise's best estimate of contribution during next year (₹ Mn)			
b) Contribution of ₹ 37.600 million (Previous year - ₹ 32.658 million) made to defined contribution plans were charged to Profit & Loss Account.	2.000	3.000	3.000

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	2010-11 ₹ Million	2009-10 ₹ Million
23. a) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and calculation of Commission payable to Chairman & Managing Director, Executive Director and President & Chief Operating Officer :		
Profit Before Tax as per Profit & Loss Account	215.723	274.574
Add : Commission to Non-Whole Time Directors	0.691	—
: Remuneration to Whole Time Directors excluding contribution to Provident & Other Funds	7.884	5.460
Less : Profit on Sale of Assets (Net)	44.403	6.298
Less : Excess of Expenditure over Income for the year 2009-10 & 2008-09 under Section 349.	108.256	381.992
Net Profit / (Loss) as per Section 198 of the Companies Act, 1956	<u>71.639</u>	<u>(108.256)</u>
Maximum Commission payable 10% of the above	7.164	—
1.50% Commission on Net Profit for Chairman & Managing Director	1.075	—
0.75% Commission on Net Profit for Executive Director	0.537	—
0.50% Commission on Net Profit for The President & Chief Operating Officer	0.358	—
b) Commission to Non-Whole Time Directors	0.691	—
Due to inadequacy of profit for the year 2009-10, Chairman & Managing Director and President & Chief Operating Officer were paid ₹ 0.200 million per month each and Executive Director was paid ₹ 0.055 million per month. The said amount is within the limit specified in Sec II of Part II of Schedule XIII to the Companies Act, 1956.		

24. Employees' cost include:	2010-11 ₹ Million	2009-10 ₹ Million
Remuneration to Whole Time Directors'		
Salary	3.640	3.172
HRA	1.586	1.389
Commission	1.970	—
Contribution to Provident Fund & Other Funds	1.162	1.010
Perquisites & Benefits	0.688	0.899
Total	<u>9.046</u>	<u>6.470</u>

25. a) The company has addressed letters to suppliers seeking confirmation as to registration under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information available with the company, an amount of ₹ 24.216 Million. (Previous year – ₹ 16.571 Million.) is due to Micro, Small and Medium Enterprises, as detailed below :

Vendor Name	2010-11 ₹ Million	2009-10 ₹ Million	Vendor Name	2010-11 ₹ Million	2009-10 ₹ Million
Getech Electronics Pvt. Ltd.,	0.001	0.006	C.M.S. Chemical Industries	0.042	0.117
Prakash Engineering Works	0.068	0.131	Victory Engineering Works	1.223	0.078
Monarch Self Adhesive Tapes	0.182	0.053	Gujarat Industrial Corporation	2.679	1.886
Sankhla Industries	0.151	0.144	Sargam Metals Pvt. Ltd.	2.319	1.498
Prasad Associate	0.005	—	Kala Auto Tex	0.986	1.380
Vijay Industrial Polymers	0.011	0.004	Servewel Industries	1.739	1.183
Suja Diamond Products	0.022	0.044	Aruna Enterprises	1.696	1.135
Bombay Speciality Products	0.468	0.184	Ashvini Magnets	1.455	0.966
Samy Engineering Tools	0.010	0.021	Emmarkay Engineering Industries	1.680	0.718
Covai Air Products	0.045	0.001	Sri Seethalakshmi Steel Castings	0.869	0.612
Malik Enterprises	0.106	—	Maragatham Pressings	0.320	0.558
Consolidated Metal Finishing Pvt. Ltd.,	0.280	0.084	Sri Venkateswara Plastics	1.376	0.539
Sakthi Spring Forms Pvt. Ltd.,	0.043	0.028	G. Ganeshan Engineering Works	1.065	0.462
NK Precision Components	1.437	1.069	Sree Balaji Industry	0.540	0.420
Alfa Rubber & Springs Pvt. Ltd.,	0.439	0.144	Saba Industries	—	0.318
Press Comp International Pvt. Ltd.,	0.437	0.270	Dhanu Enterprises	0.536	0.280
Sri Lakshmi Vishnu Plastics	0.088	0.162	Sumitron Exports Pvt. Ltd.	0.112	0.253

NOTES FORMING PART OF ACCOUNTS (Contd.,)

25. a) (Contd.,)

Vendor Name	2010-11 ₹ Million	2009-10 ₹ Million	Vendor Name	2010-11 ₹ Million	2009-10 ₹ Million
Allied Electronics	—	0.232	Mahalakshmi Industrial Forging	0.107	0.058
Nandhini Rubber Products	0.221	0.219	Narayan Corporation	0.048	0.038
Beekay Industries	0.408	0.199	Triple-S-Springs Pvt. Ltd.	0.069	0.031
Kubo Chemicals	0.138	0.181	Nice Chemicals	0.018	0.025
K.B. Industries	0.158	0.135	Magnum Controls	—	0.024
Sriji Industries	0.096	0.117	Multipak Electronics	0.025	0.003
Cupro Industries Corporation	—	0.114	Chennai Metco Pvt. Ltd.,	—	0.001
Electro Automation	—	0.110	Fine Tool	0.005	—
Special Tool Manufacturers	0.066	0.107	Toshniwal Instruments (Madras) Ltd.,	0.033	—
Janatics India Pvt. Ltd.	0.160	0.098	Ramm Precision Products Pvt. Ltd.,	0.009	—
Shiva Ganga Industries	—	0.071	Essae Technologies Pvt. Ltd.,	0.015	—
Aruna Enterprises	0.134	0.060	Sri Sakthi Engineering	0.076	—
			Total	24.216	16.571

All the amounts outstanding are within the due date as prescribed under the said Act.

b) Sundry Creditors - Others includes Imports Buyers Credit of ₹ 343.616 Mn. (Previous year ₹ 514.924 Mn.)

26. Balances in parties accounts are subject to confirmation / reconciliation. Appropriate adjustments, if any, will be made as and when the balances are reconciled.

27. Opening and Closing Stock of Finished Goods : Main Products		Opening Stock as at		Closing Stock as at	
		1-4-2010	1-4-2009	31-3-2011	31-3-2010
Dashboard Instruments	Nos.	386,549	355,521	490,626	386,549
Speedometer Cables	Mtrs.	79,224	68,214	40,225	79,224
Sensors (all types)	Nos.	79,320	81,500	95,220	79,320
Oil Pumps	Nos.	29,423	26,407	65,926	29,423
Chain Tensioners	Nos.	24,322	26,422	18,926	24,322
Idle Speed Control Valve Assembly	Nos.	1,340	1,220	2,324	1,340

28. Installed Capacity and Actual Production : Main Products		Installed Capacity as on		Production	
		31-3-2011	31-3-2010	2010-11	2009-10
Dashboard Instruments	Nos.	26,211,000	25,444,000	23,034,495	19,678,289
Speedometer Cables	Mtrs.	3,370,000	3,370,000	2,668,464	2,226,626
Sensors (all types)	Nos.	15,303,000	14,100,000	9,944,655	9,129,232
Oil Pumps	Nos.	18,600,000	17,800,000	9,718,879	7,623,720
Chain Tensioners	Nos.	3,230,000	3,230,000	2,616,563	1,835,961
Idle Speed Control Valve Assembly	Nos.	1,113,000	1,077,000	831,950	750,095

29. Turnover	2010-11		2009-10	
	Quantity (Nos.)	Value ₹ Million	Quantity (Nos.)	Value ₹ Million
1. Dashboard Instruments & Accessories :				
i. Dashboard Instruments	22,930,418	4,720.816	19,647,261	4,294.728
ii. Speedometer Cables (in mtrs)	2,707,463	121.143	2,215,616	121.733
iii. Sensors (all types)	9,928,755	1,023.977	9,131,412	1,191.308
iv. Accessories & Sub-assembly Components		173.069		142.476
2. Oil Pumps	9,682,376	700.277	7,620,704	530.057
3. Chain Tensioners	2,621,959	181.547	1,838,061	130.912
4. Idle Speed Control Valve Assembly	830,966	190.890	749,975	159.815
5. Other Auto Components		518.860		360.209
6. Other Products & Services		510.363		492.686
Total		8,140.942		7,423.924

NOTES FORMING PART OF ACCOUNTS (Contd.,)

30. In view of the considerable number of items diverse in size and nature, it is not practicable to furnish quantitative information with respect to raw materials and components.

31. The Company's operations mainly relate to one segment, Automotive Components. The secondary segment disclosure in respect of the identified geographical segments is given below :

₹ Million

Particulars	31st March, 2011		31st March, 2010	
	Within India	Outside India	Within India	Outside India
Segment Revenue	7,082.727	1,058.215	6,338.064	1085.860
Segment Assets	9,070.759	20.872	8,979.337	25.356
Purchase of Fixed Assets	201.774	0.084	189.776	0.561

Geographical Segment :

Segmentation of revenue is on the basis of geographical location of the customers.

Segmentation of assets is based on geographical location of the assets.

32. Balances with Non-scheduled foreign banks (Current Accounts) :

₹ Million

Name of the Bank	Country	Balance as at		Maximum Balance	
		31st March	2009-10	Outstanding during the year	2009-10
		2010-11	2009-10	2010-11	2009-10
Shanghai Pudong Development Bank	China	0.063	0.042	0.070	0.087
Bank of Tokyo Mitsubishi	Japan	0.061	0.063	0.463	0.369
State Bank of India - Account I	Germany	0.828	0.839	6.618	10.319
State Bank of India - Account II	Germany	0.177	3.044	14.624	21.799
Chase Bank	USA	0.398	0.336	1.017	1.139
Sumitomo Mitsui Banking Corporation	Japan	0.092	0.075	0.411	0.295
Total		1.619	4.399		

33. Operating Leases :

2010-11

2009-10

₹ Million

₹ Million

The company has entered into operating leases for Land.

Amortisation of premium paid for leasehold rights

0.263

0.706

Annual lease payments charged off to Profit and Loss Account

0.112

0.112

Future Minimum Lease Payments

— Not later than one year

0.112

0.112

— Later than one year and not later than five years

0.448

0.448

— Later than five years

8.960

9.072

34. The following investments were purchased and sold by the company during the year 2010-11 :

	Purchased		Sold	
	Units	Amount ₹ Million	Units	Amount ₹ Million
Mutual Funds - Liquid Funds				
a) SBI Magnum Insta Cash Fund - Daily Dividend Option	4,441,711	74.400	4,441,711	74.407
b) Reliance Money Manager Fund - Institutional Option - Growth Plan	39,475	50.600	39,475	50.630
c) Reliance Liquidly Fund - Growth Option	26,272,018	368.200	26,272,018	368.259

NOTES FORMING PART OF ACCOUNTS (Contd.,)

35. List of Related Parties with whom transactions have taken place during the year 2010-11 and relationship:

Holding Company : Nil; **Subsidiary Companies** : Integral Investments Limited, English Tools and Castings Limited and PT Pricol Surya, Indonesia; **Key Management Personnel** : Mr.Vijay Mohan, Mrs.Vanitha Mohan and Mr.K.Udhaya Kumar; **Others (Enterprise over which key management personnel are able to exercise significant influence)** Pricol Holdings Limited, Pricol Packaging Limited, Pricol Travel Limited, Pricol Technologies Limited, Pricol Medical Systems Limited, Pricol Properties Limited, Pricol Corporate Services Limited, Xenos Technologies Limited, Penta Enterprises (India) Limited, Ananya Innovations Limited, Vascon Pricol Infrastructures Limited, Prime Agri Solutions (India) Limited, Shanmuga Steel Industries Limited, M and M Enterprises (India) Limited, Bhavani Infin Services India Private Limited, Shrimay Enterprises Private Limited, Sagittarius Investments Private Limited, Carcerano Pricoltech (India) Private Limited, Libra Industries, Leo Industries, Ellargi & Co, Rudra Industries and Bhavani Treads.

₹ Million

Nature of Transaction	Subsidiary Companies		Key Management Personnel		Others	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchase / Labour Charges	24.237	16.429	—	—	182.450	208.371
Sales / Job Work Charges	108.538	72.809	—	—	76.982	126.115
Purchase of Fixed Assets	—	0.192	—	—	0.375	2.221
Sale of Fixed Assets	—	—	—	—	—	0.008
Receiving of Services	—	—	9.046	6.470	42.982	22.508
Rendering of Services	—	—	—	—	7.556	13.943
Loan / advance / Deposit - Opening	17.937	22.000	—	—	10.356	10.356
Add : Amount advanced during the year	76.636	65.437	—	—	0.025	—
Less : Amount received / converted into capital during the year	—	69.500	—	—	—	—
Add : Interest receivable for the year	6.593	—	—	—	—	—
Loan / Advance / Deposit - Closing	101.166	17.937	—	—	10.381	10.356
Advance payable - Opening	3.369	3.369	—	—	—	—
Less : Amount repaid during the year	3.369	—	—	—	—	—
Advance payable - Closing	—	3.369	—	—	—	—
Investments - Opening	252.407	182.907	—	—	—	—
Add : Investments made during the year	—	69.500	—	—	—	—
Less : Divestment during the year	—	—	—	—	—	—
Investments - Closing	252.407	252.407	—	—	—	—
Guarantee	138.415	139.934	—	—	—	—
Receivables - Opening	67.638	22.344	—	—	449.351	514.667
Add : Amount receivable during the year	114.706	132.342	—	—	92.716	120.553
Less : Amount received during the year	28.290	87.048	—	—	110.122	185.869
Receivable - Closing	154.054	67.638	—	—	431.945	449.351
Payable - Opening	—	0.136	0.698	2.123	57.798	13.442
Add : Amount payable during the year	27.369	—	9.046	6.470	314.167	290.070
Less : Amount paid during the year	23.184	0.136	7.326	7.895	345.768	245.714
Payable - Closing	4.185	—	2.418	0.698	26.197	57.798

NOTES FORMING PART OF ACCOUNTS (Contd.,)

36. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	:	0641	State Code	:	181
Balance Sheet Date	:	31st day of March, 2011			

II. Capital Raised during the year (Amount in ₹ Thousands) :

Public Issue	:	Nil	Rights Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands) :

Total Liabilities	:	6,386,001	Total Assets	:	6,386,001
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Sources of Funds

Paid-up Capital	:	90,000
Reserve & Surplus	:	1,859,509
Deferred Tax Liability	:	7,000
Secured Loans	:	2,249,357
Unsecured Loans	:	131,246
Current Liabilities	:	2,048,889

Application of Funds

Net Fixed Assets	:	2,161,703
Deferred Tax Asset	:	Nil
Current Assets	:	3,971,891
Accumulated Losses	:	Nil
Investments	:	252,407
Misc. Expenditure	:	Nil

IV. Performance of Company (Amount in ₹ Thousands) :

Turnover / Production Value	:	8,145,005	Profit After Tax	:	231,148
Other Income	:	72,161	Earning per Share (in `)	:	2.57
Total Expenditure	:	8,001,443	Dividend rate	:	60%
Profit Before Tax	:	215,723			

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms) :

Item Code No. (ITC Code)

Major Product Description

9 0 2 9

: Dashboard Instruments, Sensors and Accessories

8 4 0 9

: Oil Pumps

8 7 0 8

&

: Other Auto Components

8 7 1 4

As per our report of date attached
For Haribhakti & Co.,
Chartered Accountants
Firm Regn. No. 103523W
C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 30th May 2011

For and on behalf of the Board

Vijay Mohan
Chairman & Managing Director

D. Sarath Chandran
Director

Vanitha Mohan
Executive Director

K. Ramesh
Vice President & CFO

T.G. Thamizhanban
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	2010-11 ₹ Million	2009-10 ₹ Million
A. Cash flow from operating activities :		
Net Profit Before Tax	215.723	274.574
Adjustments for :		
Depreciation & Amortisation	337.040	351.783
Bad debts written off	4.647	17.278
Provision for doubtful debts (Net)	2.487	0.633
Profit on sale of assets (Net)	(44.403)	(6.298)
Exchange Fluctuation (Gain) / Loss on Re-statement	8.375	(9.364)
Interest received	(8.693)	(5.015)
Interest & Finance charges	273.116	316.452
Income from Mutual Funds	(0.096)	(0.248)
	<u>572.473</u>	<u>665.221</u>
Operating profit before working capital changes	788.196	939.795
Adjustments for :		
Trade and other receivables	(222.109)	(317.599)
Inventories	(75.297)	125.431
Trade and other payables	108.541	417.858
	<u>(188.865)</u>	<u>225.690</u>
Cash generated from operations	599.331	1,165.485
Direct taxes	1.317	(35.194)
Net cash from operating activities	600.648	1,130.291
B. Cash flow from investing activities :		
Purchase of Fixed Assets	(194.086)	(187.942)
Sale of Fixed Assets	62.800	30.081
Interest received	8.693	5.015
Purchase of Investments	(493.200)	(591.100)
Sale of Investments	493.296	521.848
Net cash used in investing activities	(122.497)	(222.098)
C. Cash flow from financing activities :		
Long term borrowings	(530.930)	(81.514)
Unsecured Loans & Deposits	131.202	(121.057)
Working Capital Borrowings	215.327	(308.392)
Dividend & Tax on Dividend paid	(41.780)	(0.330)
Interest & Finance charges paid	(277.016)	(318.023)
Net cash used in financing activities	(503.197)	(829.316)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	(25.046)	78.877
Cash and cash equivalents as at 1.4.2010 and 1.4.2009 (Opening balance)	118.137	39.260
Cash and cash equivalents as at 31.3.2011 and 31.3.2010 (Closing balance)	93.091	118.137

As per our report of date attached
For Haribhakti & Co.,
Chartered Accountants
Firm Regn. No. 103523W
C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 30th May 2011

For and on behalf of the Board
Vijay Mohan
Chairman & Managing Director
Vanitha Mohan
Executive Director

K. Ramesh
Vice President & CFO

D. Sarath Chandran
Director
T.G. Thamizhanban
Company Secretary

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

1. We have examined the attached Consolidated Balance Sheet of **Pricol Limited**, Coimbatore ("the Company") as at 31st March, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not conduct the audit of the financial statements of an associate and certain subsidiaries whose financial statements reflect total assets of ₹ 783.434 million as at 31st March 2011 and total loss of ₹ 18.613 million for the year ended on that date. Those financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of those subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, Accounting Standard (AS) 23, Accounting for investments in Associates in the Consolidated Financial Statements, as prescribed under section 211(3C) of the Companies Act, 1956 and on the basis of the separate audited financial statements of the company and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiaries, in our opinion the consolidated financial statements read together with the attached schedule and notes on consolidation and other notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2011;
 - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of the operations of the Company and its subsidiaries for the year ended on that date and
 - c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the company and its subsidiaries for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W
C. S. Sathyanarayanan, Partner
Membership No. 028328

Coimbatore
30 May 2011

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Principles of consolidation :

The consolidated financial statements relate to Pricol Limited ("the Company") and its subsidiary companies. The Consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" as prescribed under Section 211(3C) of the Companies Act, 1956.
- ii) The difference between the cost of investment in the

subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

- iii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
2. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on Accounting for Investments.
3. **Other Significant Accounting Policies :**

These are set out under "Notes on Accounts" as given in the standalone Financial Statements of Pricol Limited.

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011

	Schedule	31-3-2011 ₹ Million	31-3-2010 ₹ Million
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	90.000	90.000
Reserves & Surplus	II	1,716.892	1,574.907
		<u>1,806.892</u>	<u>1,664.907</u>
Loan Funds			
Secured Loans	III	2,429.449	2,785.838
Unsecured Loans	IV	131.246	—
		<u>2,560.695</u>	<u>2,785.838</u>
Total		<u>4,367.587</u>	<u>4,450.745</u>
APPLICATION OF FUNDS			
Fixed Assets			
a. Gross Block	V	5,588.793	5,529.462
b. Less : Accumulated Depreciation		<u>3156.534</u>	<u>2,960.573</u>
c. Net Block		2,432.259	2,568.889
d. Capital Work-in-progress		<u>28.395</u>	<u>35.124</u>
		<u>2,460.654</u>	<u>2,604.013</u>
Investments	VI	23.422	19.379
Deferred Tax Asset		12.266	74.360
Current Assets, Loans and Advances			
a. Inventories	VII	1,462.209	1,333.641
b. Sundry Debtors		2,093.246	1,845.798
c. Cash and Bank Balances		114.503	126.948
d. Loans and Advances		<u>429.315</u>	<u>695.057</u>
	(A)	<u>4,099.273</u>	<u>4,001.444</u>
Less : Current Liabilities & Provisions			
a. Liabilities	VIII	2,049.011	1,813.902
b. Provisions		<u>179.017</u>	<u>434.549</u>
	(B)	<u>2,228.028</u>	<u>2,248.451</u>
Net Current Assets	(A - B)	1,871.245	1,752.993
Debit Balance in Profit & Loss Account	IX	—	—
Total		<u>4,367.587</u>	<u>4,450.745</u>

Schedule I to IX, Significant Accounting Policies and the Notes on accounts form part of this Balance Sheet.

As per our report of date attached
For Haribhakti & Co.,
Chartered Accountants
Firm Regn. No. 103523W
C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 30th May 2011

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

For and on behalf of the Board

K. Ramesh
Vice President & CFO

D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary

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

	Schedule	2010-11 ₹ Million	2009-10 ₹ Million
INCOME			
Gross Sales & Services - Domestic		8,451.713	7,407.406
- Export		<u>1,124.745</u>	<u>1,142.013</u>
		9,576.458	8,549.419
Less : Excise Duty and Sales Tax		943.408	940.148
: Commission & Discount on Sales		<u>28.746</u>	<u>36.237</u>
Net Sales & Services	X	8,604.304	7,573.034
Increase / (Decrease) in Stock of Finished Goods	XI	(48.338)	(48.291)
Cost of In-house Manufactured Machines & Toolings Capitalised		<u>54.487</u>	<u>63.149</u>
Production Value		8,610.453	7,587.892
EXPENDITURE			
Raw Materials & Components Consumed	XII	5,702.852	4,895.038
Employees' Cost		1,209.679	962.428
Power & Utilities		224.811	177.478
Stores & Spares Consumed		56.305	43.483
Repairs & Maintenance		93.636	79.906
Other Expenditure		<u>546.060</u>	<u>480.605</u>
Total Expenditure		7,833.343	6,638.938
Profit Before Interest, Depreciation & Other Income		777.110	948.954
Add : Other Income	XIII	75.233	33.729
Less : Interest & Finance Charges	XIV	290.705	338.604
: Depreciation		<u>363.521</u>	<u>377.301</u>
Profit Before Tax		198.117	266.778
Less : Provision for Taxation			
Current Tax		43.490	46.771
Deferred Tax		62.094	(19.601)
MAT Credit		(43.490)	—
Taxation relating to earlier years		<u>(79.235)</u>	<u>—</u>
Profit After Tax		215.258	239.608
Add : Balance brought forward		<u>(28.972)</u>	<u>(200.601)</u>
Amount available for appropriation		186.286	39.007
APPROPRIATION :			
Dividend - 60% (Previous year - 40%)		54.000	36.000
Tax on Dividend		8.760	5.979
General Reserve		125.000	26.000
Surplus / (Deficit) to be carried over		<u>(1.474)</u>	<u>(28.972)</u>
		186.286	39.007
Earnings per Share (Basic / Diluted) (In Rupees) (Face Value ₹ 1/-)	XV	2.39	2.66

Schedule X to XV, Significant Accounting Policies and the Notes on Accounts form part of this Profit & Loss Account.

As per our report of date attached

For and on behalf of the Board

For Haribhakti & Co.,
Chartered Accountants
Firm Regn. No. 103523W

Vijay Mohan
Chairman & Managing Director

D. Sarath Chandran
Director

C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 30th May 2011

Vanitha Mohan
Executive Director

K. Ramesh
Vice President & CFO

T.G. Thamizhanban
Company Secretary

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	31-3-2011 ₹ Million	31-3-2010 ₹ Million
Schedule I - SHARE CAPITAL		
Authorised		
100,000,000 Equity Shares of ₹ 1/-each	<u>100.000</u>	<u>100.000</u>
Issued, Subscribed and Paid-up		
90,000,000 Equity Shares of ₹ 1/- each (Of the above 37,500,000 Equity Shares of ₹ 1/- each have been issued as fully paid-up Bonus Shares by Capitalisation of Reserves).	<u>90.000</u>	<u>90.000</u>
Schedule II - RESERVES & SURPLUS		
Securities Premium Account	181.000	181.000
General Reserve		
As per last Balance Sheet	1,426.580	1,400.580
Add : Transfer from Profit & Loss Account	<u>125.000</u>	<u>26.000</u>
	1,551.580	1,426.580
Less : Debit Balance in Profit & Loss Account adjusted as per contra	<u>1.474</u>	<u>28.972</u>
	1,550.106	1,397.608
Foreign Currency Translation Reserve	(14.214)	(3.701)
Surplus		
Balance in Profit & Loss Account	<u>—</u>	<u>—</u>
	<u>1,716.892</u>	<u>1,574.907</u>
Schedule III - SECURED LOANS		
a) Term Loans from Banks :		
- In Rupee	1,526.746	2,023.714
- In Foreign Currency	86.056	162.300
b) Term Loan from others	10.296	15.405
c) Working Capital Facilities from Banks :		
- In Rupee	447.649	152.227
- In Foreign Currency	<u>358.702</u>	<u>432.192</u>
	<u>2,429.449</u>	<u>2,785.838</u>
Schedule IV - UNSECURED LOANS		
Term Loan from Others		
- In Rupee	<u>131.246</u>	<u>—</u>
	<u>131.246</u>	<u>—</u>

CONSOLIDATED SCHEDULES (Contd.,)

Schedule V - FIXED ASSETS

₹ Million

	Gross Block			Depreciation / Amortisation				Net Block		
	Cost as on 1-4-2010	Additions during 2010-11	Sales/transfer during 2010-11	Balance as on 31-3-2011	Upto 31-3-2010	For 2010-11	Withdrawn during 2010-11	Total upto 31-3-2011	Written down as on 31-3-2011	Value as on 31-3-2010
Tangible Assets										
Freehold Land	172.162	—	6.024	166.138	—	—	—	—	166.138	172.162
Leasehold Land	26.048	0.831	—	26.879	0.706	0.263	—	0.969	25.910	25.342
Buildings	1,249.562	5.474	0.699	1,254.337	277.958	43.019	0.638	320.339	933.998	971.604
Plant & Machinery & Equipments	3,641.976	221.743	46.313	3,817.406	2,419.195	275.889	42.289	2,652.795	1,164.611	1,222.781
Furniture, Fittings & Equipments	71.596	0.794	4.051	68.339	37.919	5.341	4.051	39.209	29.130	33.677
Vehicles	83.989	7.386	18.678	72.697	34.146	6.514	8.702	31.958	40.739	49.843
Total Tangible Assets	5,245.333	236.228	75.765	5,405.796	2,769.924	331.026	55.680	3,045.270	2,360.526	2,475.409
Intangible Assets										
Computer Software	85.144	7.763	—	92.907	59.709	10.962	—	70.671	22.236	25.435
Technical Knowhow	198.985	2.985	111.880	90.090	130.940	21.533	111.880	40.593	49.497	68.045
Total Intangible Assets	284.129	10.748	111.880	182.997	190.649	32.495	111.880	111.264	71.733	93.480
Total	5,529.462	246.976	187.645	5,588.793	2,960.573	363.521	167.560	3,156.534	2,432.259	2,568.889
Previous Year	5,365.741	205.080	41.359	5,529.462	2,598.199	377.301	14.927	2,960.573		
Capital Work-in-Progress [including capital advances of ₹ 3.250 Mn. (Previous year - ₹ 20.443 Mn.)]									28.395	35.124
Total Assets									2,460.654	2,604.013

31-3-2011
` Million

31-3-2010
` Million

Schedule VI - INVESTMENTS

Long Term Investments (at Cost)

1. Non-Trade - Quoted :

1) 1,200 Equity Shares of ₹ 1/- each fully paid-up in GMR Infrastructure Limited	0.143	0.143
2) 500 Equity Shares of ₹ 1/- each fully paid-up in Ashok Leyland Limited	0.032	—
3) 200 Equity Shares of ₹ 10/- each fully paid-up in Cholamandalam Investment & Finance Company Limited	0.061	0.061
4) 125 Equity Shares of ₹ 10/- each fully paid-up in Tata Motors Limited	—	0.089
5) 25 Equity Shares of ₹ 10/- each fully paid-up in Bajaj Auto Limited	0.033	—
6) 142 Equity Shares of ₹ 1/- each fully paid-up in TVS Motors Limited (Previous year - 71 Equity Shares)	0.001	0.001
7) 35 Equity Shares of ₹ 10/- each fully paid-up in Bharat Heavy Electricals Limited	0.086	—
8) 50 Equity Shares of ₹ 10/- each fully paid-up in Munjal Auto Industries Limited	0.001	0.001
9) 50 Equity Shares of ₹ 10/- each fully paid-up in Shivam Autotech Limited		
10) 150 Equity Shares of ₹ 2/- each fully paid-up in Larsen & Toubro Limited (Previous year - 100 Equity Shares)	0.263	0.180

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2011 ` Million	31-3-2010 ` Million
Schedule VI -INVESTMENTS (Contd.,)		
11) 100 Equity Shares of ₹ 1/- each fully paid-up in ITC Limited	0.017	—
12) 300 Equity Shares of ₹ 10/- each fully paid-up in IDBI Bank Limited (Previous year - 200 Equity Shares)	0.038	0.026
13) 100 Equity Shares of ₹ 10/- each fully paid-up in Bannari Amman Sugars Limited	0.130	0.130
14) 375 Equity Shares of ₹ 5/- each fully paid-up in Bharti Airtel Limited	0.145	0.145
15) 300 Equity Shares of ₹ 10/- each fully paid-up in Bharti Shipyard Limited	0.103	0.103
16) 350 Equity Shares of ₹ 10/- each fully paid-up in Shipping Corporation of India Limited	—	0.049
17) 20,692 Equity Shares of ₹ 10/- each fully paid-up in Regaliaa Realty Limited (Previous year - 25,500 Equity Shares)	0.207	0.255
18) 700 Equity Shares of ₹ 10/- each fully paid-up in JSW Energy Limited	0.087	—
19) 100 Equity Shares of ₹ 5/- each fully paid-up in Mahindra & Mahindra Limited	0.052	—
20) 200 Equity Shares of ₹ 10/- each fully paid-up in Rural Electrification Limited	0.055	—
21) 29,276 Units of DSP - Black Rock India TIGER Fund -Dividend Option	1.000	1.000
22) 17,573 Units of HDFC Equity Fund - Dividend Option	—	1.000
23) 36,882 Units of Birla Sun Life Floating Rate Fund - Retail LT	0.600	—
24) 150,021 Units of HDFC Cash Management Fund - Treasury	1.504	—
25) 9,237 Units of Reliance Diversified Power Sector Fund - Dividend Plan	—	0.500
26) 7,362 Units of Reliance Vision Fund - Retail Plan - Dividend Plan	0.500	0.500
27) 29,360 Units of ICICI Prudential Focussed Blue Chip	0.500	—
28) 15 Units of Bench Mark Mutual Fund - Liquid	0.015	—
29) 310,400 Units of HDFC Monthly Income Plan - Monthly Dividend Plan (Previous year - 63,351 Units)	4.072	0.791
30) 15,294 Units of ICICI Flexible Income Plan - Weekly Dividend (Previous year - 59,869 Units)	1.534	6.000
31) 36,795 Units of Reliance Monthly Income Plan - Monthly Dividend Plan (Previous year - 65,907 Units)	0.414	0.744
32) 13,334 Units of Reliance Regular Savings Fund - Dividend Plan	0.301	0.301
33) 12,027 Units of Reliance Equity Opportunities Fund	0.323	—
34) 1,277 Units of Reliance Money Manager Fund - Retail Option	1.282	—
35) 120,260 Units of Sundaram Ultra ST Fund Retail Fund - Weekly	1.281	—
36) 127,905 Units of Templeton India Ultra Short Bond Fund - Retail	1.282	—
	<u>16.062</u>	<u>12.019</u>
2. Non Trade - Unquoted :		
720,000 Equity Shares of ₹ 10/- each fully paid-up in Pricol Technologies Limited	7.200	7.200
	<u>7.200</u>	<u>7.200</u>

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2011 ₹ Million	31-3-2010 ₹ Million
Schedule VI - INVESTMENTS (Contd.,)		
3. Investment in Associates :		
3,190 Equity Shares of ₹ 100/- each fully paid-up in Shanmuga Steel Industries Limited	0.160	0.160
	<u>0.160</u>	<u>0.160</u>
Total Investments (1+2+3)	23.422	19.379
Aggregate Cost of Quoted Investments (long term)	16.062	12.019
Aggregate Cost of Un-quoted Investments (long term)	7.360	7.360
Market Value of Quoted Investments (long term)	14.347	10.861
Schedule VII - CURRENT ASSETS, LOANS AND ADVANCES		
a. Inventories :		
Stock of Stores & Spares	32.843	30.635
Raw Materials & Components	956.392	820.541
Work-in-progress	233.426	195.597
Finished Goods	129.746	178.084
Land - Stock in Trade	109.802	108.784
	<u>1,462.209</u>	<u>1,333.641</u>
b. Sundry Debtors :		
Unsecured Considered Good		
a) Outstanding for a period exceeding six months	481.145	506.512
b) Others	1,612.101	1,339.286
	<u>2,093.246</u>	<u>1,845.798</u>
Unsecured Considered Doubtful	56.127	38.360
Less : Provision for Doubtful Debts	56.127	38.360
	<u>—</u>	<u>—</u>
	<u>2,093.246</u>	<u>1,845.798</u>
c. Cash and Bank Balances :		
Cash on hand	1.197	1.163
Balances with Scheduled Banks		
In Current Account	37.046	47.005
In Unclaimed Dividend Account	4.610	4.411
In Margin Money Account / Fixed Deposits	70.031	69.970
	<u>112.884</u>	<u>122.549</u>
Balances with other banks		
In Current Account	1.619	4.399
	<u>114.503</u>	<u>126.948</u>
d. Loans and Advances :		
Advances Recoverable in cash or in kind or for value to be received and considered good		
Unsecured considered good	55.841	64.420
Unsecured considered doubtful	1.305	1.305
Less : Provision for Doubtful Advances	1.305	1.305
	<u>55.841</u>	<u>64.420</u>
Deposits	33.854	32.154
Balances with Government authorities	129.870	171.964
Prepaid expenses	12.531	13.208
Tax payments pending adjustment	197.219	413.311
	<u>429.315</u>	<u>695.057</u>
	<u>4,099.273</u>	<u>4,001.444</u>

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2011 ₹ Million	31-3-2010 ₹ Million
Schedule VIII - CURRENT LIABILITIES AND PROVISIONS		
a. Liabilities :		
Sundry Creditors		
- Dues to Micro, Small and Medium Enterprises	27.518	19.246
- Others	2,004.803	1,775.227
Interest accrued but not due on loans	9.537	14.151
Due to Directors	2.418	0.698
Investor Education and Protection Fund - not due :		
Unclaimed Dividend	4.610	4.411
Unclaimed Deposits including Interest	0.125	0.169
	<u>4.735</u>	<u>4.580</u>
	2,049.011	1,813.902
b. Provisions :		
For Taxation	98.550	392.570
For Gratuity	17.707	—
For Dividend	54.000	36.000
For Tax on Dividend	8.760	5.979
	<u>179.017</u>	<u>434.549</u>
	2,228.028	2,248.451

Schedule IX - DEBIT BALANCE IN PROFIT & LOSS ACCOUNT

As per the Profit & Loss Account	1.474	28.972
Less : Adjusted against General Reserve as per contra	1.474	28.972
	<u>—</u>	<u>—</u>

Schedule X - INCOME

	2010 - 11 ₹ Million	2009-10 ₹ Million
Sales and Services		
Domestic Sales & Services		
Sale of Finished Products (Inclusive of Excise Duty and Sales Tax)	8,404.821	7,354.117
Service Charges	40.291	45.238
Sale of Wind Power	6.601	8.051
	<u>8,451.713</u>	<u>7,407.406</u>
Less : Excise Duty	667.121	494.384
Sales Tax	276.287	377.503
Discount & Commission on Domestic Sales	24.028	31.486
	<u>7,484.277</u>	<u>6,504.033</u>
Export Sales		
Sale of Finished Products (Inclusive of Excise Duty)	1,124.745	1,142.013
Less : Excise Duty	—	68.261
Commission on Export Sales	4.718	4.751
	<u>1,120.027</u>	<u>1,069.001</u>
	8,604.304	7,573.034

CONSOLIDATED SCHEDULES (Contd.)

	2010-11 ₹ Million	2009-10 ₹ Million
Schedule XI - INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS		
Stock at Closing	129.746	178.084
Less : Stock at Opening	178.084	226.375
	<u>(48.338)</u>	<u>(48.291)</u>

Schedule XII - EXPENDITURE

RAW MATERIALS & COMPONENTS CONSUMED

Opening Stock

a) Raw Materials & Components	820.541	866.949	
b) Work-in-progress	195.597	193.123	
	<u>1,016.138</u>	<u>1,060.072</u>	
Add : Purchases	6,153.796	4,950.566	
	<u>7,169.934</u>	<u>6,010.638</u>	

Less : Closing Stock

a) Raw Materials & Components	956.392	820.541	
b) Work-in-progress	233.426	195.597	
	<u>1,189.818</u>	<u>1,016.138</u>	
	5,980.116	4,994.500	
Less : Sale of Raw Materials & Scrap	383.722	204.984	
Add : Direct Expenses	106.458	105.522	
	<u>5,702.852</u>	<u>4,895.038</u>	

Includes materials consumed for In-house Manufacture of Machines & Toolings of ₹ 26.332 Mn. (Previous year - ₹ 39.948 Mn.)

EMPLOYEES' COST

a) Pay, Allowances and Bonus	1,042.249	833.719	
b) Contribution to Provident and Other Funds	44.548	40.131	
c) Gratuity	21.713	(1.964)	
d) Welfare	101.169	90.542	
	<u>1,209.679</u>	<u>962.428</u>	

REPAIRS AND MAINTENANCE

Machinery	73.634	63.466	
Building	8.698	7.052	
Others	11.304	9.388	
	<u>93.636</u>	<u>79.906</u>	

CONSOLIDATED SCHEDULES (Contd.,)

	2010-11 ₹ Million	2009-10 ₹ Million
Schedule XII - EXPENDITURE (Contd.,)		
OTHER EXPENDITURE		
Printing & Stationery	12.660	9.638
Postage & Telephone	13.842	14.071
Rent	11.163	8.445
Rates, Taxes & Licence	19.558	17.824
Insurance	13.587	12.392
Bank Charges	19.011	13.322
Travelling & Conveyance	84.891	65.369
Freight & Forwarding and Selling Expenses	229.833	174.122
Advertisement, Publicity & Sales Promotion	2.987	9.747
Royalty	34.655	44.755
Bad Debts written off	4.647	17.337
Provision for doubtful debts (Net)	2.487	0.633
Commission / Sitting Fees to Non-Whole Time Directors	0.833	0.164
Auditors' Remuneration	2.409	2.798
Professional Charges	63.199	32.326
Exchange Fluctuation (Net)	19.539	48.847
Miscellaneous Expenses	9.759	8.815
Donations	1.000	—
	546.060	480.605

Schedule XIII - OTHER INCOME

Interest Received	9.878	5.126
Income from Mutual Funds	0.096	0.248
Rent Received	3.869	3.154
Trading Income	3.728	2.683
Sundry Income	1.509	0.752
Export Incentives	11.286	15.078
Profit on Sale of Assets (Net)	44.867	6.688
	75.233	33.729

Schedule XIV - INTEREST & FINANCE CHARGES

Interest on Fixed Loans	219.926	226.325
Interest on Other Loans	63.433	94.477
Finance Charges	7.346	17.802
	290.705	338.604

Schedule XV - EARNING PER SHARE (Basic / Diluted)

a. Profit After Tax	215.258	239.608
b. Equity Share of ₹ 1/- each (Nos. in Mn)	90.000	90.000
c. Earnings per Share (a / b) (in ₹)	2.39	2.66

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	2010-11 ₹ Million	2009-10 ₹ Million
A. Cash Flow from Operating Activities :		
Net Profit Before Tax	198.117	266.778
Adjustments for :		
Depreciation & Amortisation	363.521	377.301
Bad debts written off	4.647	17.337
Provision for Doubtful debts (Net)	2.487	0.633
Effect of change in Foreign Currency Translation Reserve	(10.513)	(20.395)
Profit on Sale of Assets (Net)	(44.867)	(6.688)
Exchange Fluctuation (Gain) / Loss on Re-statement	(1.041)	(59.027)
Interest received	(9.878)	(5.126)
Interest & Finance Charges	290.705	338.604
Income Mutual Funds	(0.096)	(0.248)
	594.965	642.391
Operating profit before working capital changes	793.082	909.169
Adjustments for :		
Trade and other receivables	(188.882)	(285.156)
Inventories	(128.568)	100.332
Trade and other payables	237.834	421.323
	(79.616)	236.499
Cash generated from operations	713.466	1,145.668
Direct taxes	1.307	(35.401)
Net Cash from Operating Activities	714.773	1,110.267
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(240.247)	(188.735)
Sale of Fixed Assets	64.952	33.120
Interest received	9.878	5.126
Purchase of Investments	(497.243)	(523.722)
Sale of Investments	493.296	521.848
Net Cash used in Investing Activities	(169.364)	(152.363)
C. Cash Flow from Financing Activities :		
Long term Borrowings	(577.908)	(99.788)
Unsecured Loans & Deposits	131.202	(121.057)
Working Capital Borrowings	225.951	(323.504)
Dividend & Tax on Dividend paid	(41.780)	(0.330)
Interest & Finance Charges paid	(295.319)	(340.983)
Net Cash used in Financing Activities	(557.854)	(885.662)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)		
	(12.445)	72.242
Cash and cash equivalents as at 1.4.2010 and 1.4.2009 (Opening balance)	126.948	54.706
Cash and cash equivalents as at 31.3.2011 and 31.3.2010 (Closing balance)	114.503	126.948

As per our report of date attached

For Haribhakti & Co.,

Chartered Accountants

Firm Regn. No. 103523W

C.S. Sathyanarayanan, Partner

Membership No. 028328

Coimbatore, 30th May 2011

Vijay Mohan

Chairman & Managing Director

Vanitha Mohan

Executive Director

For and on behalf of the Board

D. Sarath Chandran

Director

K. Ramesh

Vice President & CFO

T.G. Thamizhanban

Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011.

1. The Subsidiary Companies considered in the Consolidated Financial Statements are :

S. No.	Name of the Subsidiary	Country of Incorporation	% of Ownership
1	English Tools and Castings Limited	India	100%
2	Integral Investments Limited	India	100%
3	PT Pricol Surya	Indonesia	100%

2. The Associate Companies considered in the Consolidated Financial Statements are :

S. No.	Name of the Associate	Country of Incorporation	% of Ownership
1	Shanmuga Steel Industries Limited	India	49%

3. The value of Investments made by the wholly owned subsidiary Company – Integral Investments Limited in the associate, Shanmuga Steel Industries Limited has been accounted in compliance with Accounting Standard (AS-23).

4. List of Related parties with whom transactions have taken place during the year 2010-11 and relationship :

Key Management Personnel : Mr. Vijay Mohan, Mrs. Vanitha Mohan, Mr. K. Udhaya Kumar and Mr. K. Janardhanan;
Others (Enterprise over which Key Management Personnel are able to exercise significant influence) : Pricol Holdings Limited, Pricol Packaging Limited, Pricol Travel Limited, Pricol Technologies Limited, Pricol Medical Systems Limited, Pricol Properties Limited, Pricol Corporate Services Limited, Xenos Technologies Limited, Penta Enterprises (India) Limited, Vascon Pricol Infrastructures Limited, Ananya Innovations Limited, Prime Agri Solutions (India) Limited, Shanmuga Steel Industries Limited, M and M Enterprises (India) Limited, Bhavani Infin Services India Private Limited, Shrimay Enterprises Private Limited, Sagittarius Investments Private Limited, Carcerano Pricoltech (India) Private Limited, Libra Industries, Leo Industries, Ellargi & Co., Rudra Industries and Bhavani Treads.

₹ Million

Nature of Transaction	Key Management Personnel		Others	
	2010-11	2009-10	2010-11	2009-10
Purchase / Labour Charges	—	—	186.504	208.371
Sales / Job Work Charges	—	—	77.226	126.333
Purchase of Fixed Assets	—	—	0.375	2.221
Sale of Fixed Assets	—	—	—	0.008
Receiving of Services	11.561	7.970	42.982	22.508
Rendering of Services	—	—	7.556	13.943
Loan / Advance / Deposit - Opening	—	—	10.356	10.356
Add : Amount advanced during the year	—	—	0.025	—
Less : Amount received / converted into capital during the year	—	—	—	—
Add : Interest receivable for the year	—	—	—	—
Loan / Advance / Deposit - Closing	—	—	10.381	10.356
Advances payable - Opening	—	—	—	—
Less : Amount repaid during the year	—	—	—	—
Advances payable - Closing	—	—	—	—
Investments - Opening	—	—	—	—
Add : Investments made during the year	—	—	—	—
Less : Divestment during the year	—	—	—	—
Investments - Closing	—	—	—	—
Guarantee	—	—	—	—
Receivable - Opening	—	—	449.351	514.667
Add : Amount receivable during the year	—	—	92.716	120.553
Less : Amount received during the year	—	—	110.122	185.869
Receivable - Closing	—	—	431.945	449.351
Payable - Opening	1.855	2.208	57.940	13.584
Add : Amount payable during the year	11.561	7.970	314.167	290.070
Less : Amount paid during the year	10.765	8.323	345.910	245.714
Payable - Closing	2.651	1.855	26.197	57.940

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd..)

5. The exchange rate considered for consolidation of foreign subsidiary, PT Pricol Surya is as follows :

	As at 31st March 2011 (In Indonesian Rupiah)	As at 31st March 2010
One Indian Rupee	196.08	204.08

6. Previous Year's figures have been regrouped wherever necessary to conform to the current year's classification.

7. Figures have been rounded off to the nearest thousand.

8. As per the information received from the Suppliers regarding their classification the amount due to Micro, Small and Medium Enterprises is disclosed:

	2010-11	2009-10
Due to Micro, Small and Medium Enterprises		
— Principal due at the year end	27.518	19.246
— Interest payable at the year end	—	—
— Interest paid during the year	—	—

₹ Million

9. Other Notes forming part of Accounts:

These are set out in and under "Notes forming part of accounts for the year ended 31st March 2011" as given in the standalone financial statements of Pricol Limited.

Disclosure of Information relating to the Subsidiary Companies as required by the Ministry of Corporate Affairs, Government of India vide their approval letter No. 47/38/2011 - CL - III dated 28th January, 2011

Particulars	Integral Investments Limited	English Tools and Castings Limited	PT Pricol Surya Indonesia
	2010-11 ₹ Million		
a) Share Capital	22.500	148.837	77.342
b) Reserves & Surplus	0.959	0.001	(78.447)
c) Total Assets	23.467	286.134	476.969
d) Total Liabilities	23.467	286.134	476.969
e) Details of Investments *	23.423	—	—
f) Turnover	0.634	264.079	317.376
g) Profit / (Loss) Before Tax	0.336	(8.843)	(10.794)
h) Provision for Taxation	—	—	(1.036)
i) Profit / (Loss) After Tax	0.336	(8.843)	(9.758)
j) Proposed Dividend	—	—	—
k) Reporting Currency **	Indian Rupee (INR)	Indian Rupee (INR)	Indonesian Rupiah (IDR)

* Excluding investment in subsidiaries.

** The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rate.

The exchange rate as at 31st March, 2011 : 1 INR = 196.08 IDR.