

CELEBRATING  
**25<sup>th</sup>**

Year  
of  
**Service to the Nation**



**PSL LIMITED**

**ANNUAL REPORT 2010-11**



## An Interior View of one of the Company's Pipe Mills





PSL



# Enters 25<sup>th</sup> Year of Service to the Nation

*PSL Limited – a name to reckon with in the Pipe Manufacturing Industry of the country – is currently celebrating 25th year of its existence in the Indian Corporate World.*

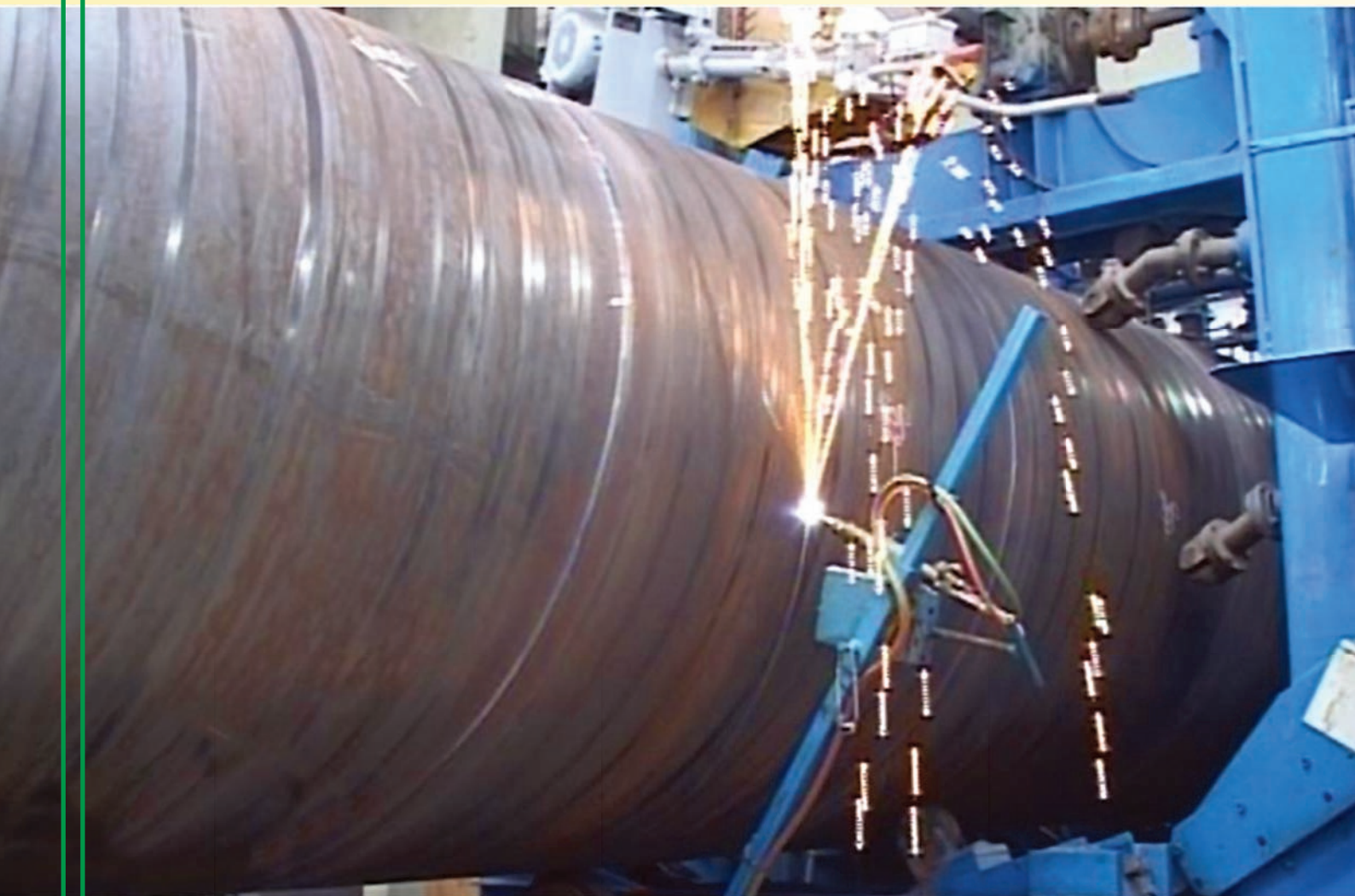


PSL's Machine Building Workshop - Daman





*Ever since the Company's birth on 24th August 1987, as a small private limited company, it has concentrated all its energies in the development of Infrastructure Sector of the country. Although, the Company made a humble beginning in setting up of its first Pipe Coating Plant at Gandhidham in Gujarat in 1987, within the very first decade, it realized that a pipe manufacturing Mill of its own will greatly enable backward integration, thereby not only enhancing the company's business but also result into greater customer satisfaction, as the company would be able to deliver finished products to its valued customers for its end-use.*



Large Dia Pipe Production at Vizag Pipe Mill





*After establishing first pipe manufacturing unit at Chennai with capacity of 75000 MTPA, way back in 1996, the Company never looked back and with a clear view to have an upper edge over its competitors it identified strategic locations in different parts of the country for establishing more Mills. As a result of such rapid expansion in 15 years, the Company can today boast of having as many as 12 Pipes Mills of an aggregate installed capacity of 1350000 MTPA, and 22 Coating Plants comprising of plants for Internal Liquid Epoxy Coating, External 3LPE Coating, CTE Coating, Tape Coating, Concrete Weight Coating/ Cement Mortar Lining Plant etc. In addition, various Plants engaged in manufacturing of Ancillary Products and Services related to Pipe Manufacturing and Coating including manufacture of Sacrificial Anodes, Induction Pipe Bending etc. have also been established. In addition to continuously enhancing its production capacity within the Country, keeping in view the probable high demand curves across the borders in 2007 the Company took a bold step in establishing state of art Pipe Mill through its subsidiary at **Sharjah in UAE** and immediately thereafter in 2008 another one was set up in the **State of Mississippi in United States**.*



*The very fact that the Company has indeed embarked upon its expansion plans, coupled with necessary diversification in the related fields is adequate evidence of wide acceptance of Company's product namely HSAW Pipes manufactured by the Company at its various plants not only by leading Public and Private Sector Companies in India but even by renowned companies in different parts of the world in general and in US and in Gulf in particular*



Extra Length Pipe for Structural Piling Application

*Hence, it can be well concluded that PSL Limited is indeed contributing in its own way in service to the nation and it is confident that for its such efforts the Company will be suitably rewarded by its wide and varied customer base across the globe.*





**PSL LIMITED**  
**23<sup>rd</sup> ANNUAL REPORT 2010-11**

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## CORPORATE INFORMATION

### Board of Directors

<b>Shri Ashok Punj</b> Managing Director	<b>Shri Alok Punj</b> Non-Executive Director	<b>Shri M. M. Mathur</b> Whole-time Director
<b>Shri G. S. Sauhta</b> Whole-time Director	<b>Shri R. K. Bahri</b> Whole-time Director	<b>Shri D. N. Sehgal</b> Whole-time Director
<b>Shri S. P. Bhatia</b> Whole-time Director	<b>Shri G. Gehani</b> Whole-time Director & Company Secretary	<b>Shri C. K. Goel</b> Whole-time Director
<b>Shri N. C. Sharma</b> Independent Director	<b>Shri Prakash V. Apte</b> Independent Director	<b>Shri Ashok Sharma</b> Independent Director
<b>Shri Harry H. Shourie</b> Independent Director	<b>Shri Paresh J. Shah</b> Independent Director	<b>Shri Harsh Pateria</b> Independent Director

### Share Transfer Agents

Karvy Computershare Private Limited  
17-24, Vittal Rao Nagar, Madhapur,  
Hyderabad-500 081

### Statutory Auditors

(From 30/9/2010 to 22/9/2011)

Suresh C. Mathur & Co.  
Chartered Accountants,  
64, Regal Building, Connaught Place,  
New Delhi-110001

### Company Secretary & Compliance Officer

Shri G. Gehani

### Chief Finance Officer

(From 1<sup>st</sup> June, 2011)

Shri K. Ramanathan

### Principal Bankers

ICICI Bank limited	Canara Bank
State Bank of India	Indian Overseas Bank
Bank of Baroda	Union Bank of India
Punjab National Bank (International) Ltd.	ING Vysya Bank Limited
Bank of India	Yes Bank Limited
Standard Chartered Bank	DBS Bank Limited
Export Import Bank of India	Deutsche Bank
IDBI Bank Limited	Indian Bank
Axis Bank Limited	Kotak Mahindra Bank
Syndicate Bank	Development Credit Bank



## COMPANY'S EXISTENCE

### Registered Office

Kachigam, Daman,  
Union Territory of Daman & Diu-396210

### Corporate Office

PSL Towers  
615, Makwana Road, Marol,  
Andheri (E),  
Mumbai-400059

### Legal & Secretarial Office

3<sup>rd</sup> Floor, Punj House,  
M-13A, Connaught Circus,  
New Delhi-110001

### Marketing Offices

#### **Western India**

615, Makwana Road,  
Marol, Andheri (E)  
Mumbai-400059

#### **Northern India**

PSL House, B-96,  
Greater Kailash-I  
New Delhi-110048

#### **Southern India**

Meridian House, 8/2,  
Montieth Lane Egmore,  
Chennai-600008

### Projects Office

3<sup>rd</sup> Floor, Punj House  
M-13A, Connaught Circus  
New Delhi-110001

### Subsidiary Companies - in India

#### **PSL Corrosion Control Services Ltd.**

Survey No. 377/2,  
Zari Cause Way Road,  
Kachigam, Daman-396210,  
Union Territory of Daman & Diu

#### **PSL Gas Distribution Pvt. Ltd.**

Punj House, M-13A,  
Connaught Circus,  
New Delhi-110001

#### **PSL Infrastructure & Ports Pvt. Ltd.**

3<sup>rd</sup> Floor, Punj House, M-13A,  
Connaught Circus,  
New Delhi-110001

### - Overseas

#### **Pipeline Systems Limited**

C/o IFS, IFS Court, 28 Cybercity,  
Ebene, Mauritius

#### **PSL USA INC.**

Corporation Trust Centre  
1209, Orange Street,  
Wilmington, New Castle,  
19801, Delaware, USA

#### **PSL North America, LLC**

Corporation Trust Centre  
1209, Orange Street,  
Wilmington, Delaware, USA

#### **PSL FZE**

P.O. Box No. 42131,  
Inner Harbour Plot No. HJ-02  
Hamriyah Free Zone,  
Sharjah, UAE

## COMPANY'S PLANTS

### Within Indian Boundaries

- Survey No. 35, 37,41,301/1, and 308/1 & 2  
Varsana & Nani Chirai,  
Anjar & Bhachau, Kutch,  
Gujrat
- Survey No. 38/1, 38/2, 39, 40 & 42  
Varsana, Anjar, Kutch,  
Gujrat
- East of N.H.-8 A, Kandla Road,  
Gandhidham, Kutch,  
Gujrat
- Plot No. 4 & 5, Sector-12/B,  
Kandla Road,  
Gandhidham, Kutch,  
Gujrat
- Kachigam, Daman  
Union Territory of Daman & Diu-396210
- No. 22, Vaiyavoor, Maduranthakam Taluk  
Kancheepuram Distt.,  
Tamil Nadu
- Survey No. 207, Industrial Development Area,  
Gurrampalem, Pendurthi,  
Vishakhapatnam,  
Andhra Pradesh
- Plot No. 2A, APIIC, Layout Phase-II,  
Peddapuram-533437, Kakinada  
Distt. East Godavari, Andhra Pradesh
- Survey No. 124, Khadat  
Pilwai, Towards Mahudi Road,  
Taluka -Mansa,  
Distt. Gandhinagar,  
Gujrat
- Khasra No. 46,48,73,82  
Village-Gaduda, Tehsil- Phagi,  
Jaipur, Rajasthan

### Across the Seas

- 13092, Sea Plane Road,  
Bay St. Louis,  
Mississippi 39520, USA
- Post Box 42131, Inner Harbour,  
Plot No. HJ02,  
Hamriyah Free Trade Zone,  
Sharjah, UAE



## KEY FINANCIAL PARAMETERS OF LAST DECADE

PARTICULARS	(₹ in Lacs)									
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2000-01*
<b>Total Income</b>	<b>266989.49</b>	281065.51	354995.04	226176.61	168561.37	156338.22	167745.16	92942.05	42516.39	45371.54
<b>Total Expenditure</b>	<b>230694.13</b>	251802.24	326543.53	202855.41	151199.79	141409.34	157765.84	84505.77	36261.96	39665.00
<b>Operating Profit</b>	<b>36295.36</b>	29263.27	28451.51	23321.20	17361.58	14928.90	9979.32	8436.28	6254.43	5706.54
<b>Interest</b>	<b>14144.73</b>	10898.71	10071.93	5785.56	4349.77	4852.93	3242.80	2947.22	2931.39	2104.60
<b>Gross Profit</b>	<b>22150.64</b>	18364.55	18379.58	17535.64	13011.81	10075.97	6736.52	5489.06	3323.04	3601.93
<b>Depreciation</b>	<b>11679.56</b>	6634.81	5706.64	5119.60	4392.29	3385.96	2335.48	1638.86	1601.42	1125.67
<b>Profit Before Tax</b>	<b>10471.07</b>	11729.74	12672.93	12416.04	8619.52	6690.01	4401.04	3850.19	1721.62	2476.26
<b>Taxation</b>	<b>2900.00</b>	2900.00	4080.00	3939.00	2404.00	1771.00	1200.00	1050.00	250.00	411.33
<b>Profit After Tax</b>	<b>7571.07</b>	8829.75	8592.93	8477.04	6215.52	4919.01	3201.04	2800.19	1471.62	2064.92
<b>Dividend Rate</b>	<b>40%#</b>	40%	50%	50%	50%	50%	45%	50%	40%	40%
<b>Equity</b>	<b>5333.38</b>	5333.20	4258.19	4258.13	3406.07	3195.45	2892.07	2892.02	2892.02	2892.02
<b>Reserves</b>	<b>83708.73</b>	78509.37	58593.49	52298.00	30213.64	23051.50	13866.66	13861.20	13303.66	13144.16

\* The data for this financial year has been annualised since the said financial year comprised of 18 months period.

# 20% already paid as Interim Dividend in March 2011 whereas balance 20% duly recommended by Board shall be paid after Shareholders' approval in forthcoming Annual General Meeting.

## NOTICE

To,  
The Members of  
PSL LIMITED

Notice is hereby given that **Twenty Third Annual General Meeting** of the Company will be held on Thursday, the 22nd day of September, 2011 at 9.30 A.M. at Hotel "Cidade De Daman" at Devka Beach, Nani Daman- 396210, in Union Territory of Daman & Diu, to transact the following businesses:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March, 2011, the Profit & Loss Account for the year ended on that date and the Reports of Board of Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares for the year ended on 31st March, 2011.
3. To appoint a Director in place of Shri M.M.Mathur, who retires from the said office of Director by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Alok Punj, who retires from the said office of Director by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Prakash V. Apte, who retires from the said office of Director by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Shri N.C.Sharma, who retires from the said office of Director by rotation and being eligible offers himself for re-appointment.
7. To appoint a Director in place of Shri Ashok Sharma, who retires from the said office of Director by rotation and being eligible offers himself for re-appointment.
8. To appoint Statutory Auditors for holding the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this connection to consider and if thought fit to pass with or without modification(s) the following Resolution as an "**Ordinary Resolution.**"

"**RESOLVED THAT** M/s Suresh C. Mathur & Co., Chartered Accountants with Registration No. 1276 and having their office at 64, Regal Building, Connaught Place, New Delhi - 110 001 be and are hereby appointed as Statutory Auditors of the Company for the Financial Year 2011-12 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to finalise the remuneration payable together with out of pocket expenses, if any, to the so appointed Auditors."

### SPECIAL BUSINESS

#### 9. ENHANCEMENT OF BORROWING POWERS

To consider and if thought fit to pass with or without modification the following Resolution as an "**Ordinary Resolution**":-

"**RESOLVED THAT** pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof), the Company hereby accords its consent to Board of Directors for borrowing any sum or sums of money from time to time from anyone or more of the Company's bankers and/ or from any one or more other persons, firms, bodies corporate, banks or financial institutions, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bill discounting, by issue of debentures or any type or kind of Bond whether issued to an Indian or Foreign entity or other securities or otherwise and whether unsecured or secured by creating a mortgage, charge, hypothecation or lien or pledge of the Company's assets, licenses and properties, whether immovable or movable or of stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit), sundry debtors and work-in-progress and all or any of the undertaking of the Company notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount up to which the monies may be borrowed by the Board of Directors and outstanding at any time shall not exceed a sum of Rs.3000 Crores (Rupees Three Thousand Crores Only) and the Board of Directors (including any Committee(s) thereof) are hereby authorised to execute such deeds and documents relating to debenture trust, mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and any other deeds and instruments or writings containing such conditions and covenants as the Directors may deem fit."

#### 10. INTER-CORPORATE INVESTMENTS

To consider and if thought fit to pass with or without modification the following Resolution as a "**Special Resolution**":-

"**RESOLVED THAT** pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 the consent of the members of the Company be and is hereby granted to make an investment of a sum not exceeding Rs. 2000 Crores in



aggregate by way of subscription and/or purchase of Equity Shares of other body corporate, notwithstanding that such investment or other investments or such investment together with the Company's existing investment in all other bodies corporate shall be in excess of the limits prescribed under Section 372A of the Companies Act and the Board of Directors of the Company be and is hereby authorized to determine the actual sum to be so invested and all matters arising out of or incidental to the proposed investment and to do all such acts and things as may be necessary to implement this Resolution."

#### 11. ENHANCEMENT IN REMUNERATION OF SHRI S.P.BHATIA, THE WHOLE-TIME DIRECTOR

To consider and if thought fit to pass with or without modification the following Resolution as an "Ordinary Resolution":-

**"RESOLVED THAT** pursuant to and in accordance with Section 198, 309, 310 read with Schedule XIII and all other applicable statutory provisions of the Companies Act, 1956 and subject to such consents and permissions, if any, as may be necessary the consent of the Company be and is hereby accorded to enhancement of remuneration and benefits and amenities paid/payable/enjoyed to/ by Shri S. P. Bhatia, the Whole-time Director of the Company in the manner as detailed in the Explanatory Statement with effect from 1st October, 2011."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall also be deemed to include the Remuneration Committee and/ or any other Sub - Committee thereof constituted by the Board) be and is hereby authorised to revise and/or re-fix the said remuneration and/ or other perquisites, benefits and amenities provided that the so revised/ re-fixed remuneration and/ or perquisites etc. do not exceed the limits prescribed from time to time under Schedule XIII or any other provisions of Companies Act, 1956, and/or any Statutory modification(s) thereof and provided further that such enhanced remuneration, allowances and perquisites are subsequently placed before the shareholders in their General Meeting held after such enhancement/revision/re-fixation by the Board."

#### 12. ENHANCEMENT IN REMUNERATION OF SHRI G.GEHANI, THE WHOLE-TIME DIRECTOR

To consider and if thought fit to pass with or without modification the following Resolution as an "Ordinary Resolution":-

**"RESOLVED THAT** pursuant to and in accordance with Section 198, 309, 310 read with Schedule XIII and all other applicable statutory provisions of the Companies Act, 1956 and subject to such consents and permissions, if any, as may be necessary the consent of the Company be and is hereby accorded to enhancement of remuneration and benefits and amenities paid/payable/enjoyed to/ by Shri G.Gehani, the Whole-time Director of the Company in the manner as detailed in the Explanatory Statement with effect from 1st October, 2011."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall also be deemed to include the Remuneration Committee and/ or any other Sub - Committee thereof constituted by the Board) be and is hereby authorised to revise and/or re-fix the said remuneration and/ or other perquisites, benefits and amenities provided that the so revised/ re-fixed remuneration and/ or perquisites etc. do not exceed the limits prescribed from time to time under Schedule XIII or any other provisions of Companies Act, 1956, and/or any Statutory modification(s) thereof and provided further that such enhanced remuneration, allowances and perquisites are subsequently placed before the shareholders in their General Meeting held after such enhancement/revision/re-fixation by the Board."

#### 13. ENHANCEMENT IN REMUNERATION OF SHRI C.K.GOEL, THE WHOLE-TIME DIRECTOR

To consider and if thought fit to pass with or without modification the following Resolution as an "Ordinary Resolution":-

**"RESOLVED THAT** pursuant to and in accordance with Section 198, 309, 310 read with Schedule XIII and all other applicable statutory provisions of the Companies Act, 1956 and subject to such consents and permissions, if any, as may be necessary the consent of the Company be and is hereby accorded to enhancement of remuneration and benefits and amenities paid/payable/enjoyed to/ by Shri C.K.Goel, the Whole-time Director of the Company in the manner as detailed in the Explanatory Statement with effect from 1st October, 2011."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall also be deemed to include the Remuneration Committee and/ or any other Sub - Committee thereof constituted by the Board) be and is hereby authorised to revise and/or re-fix the said remuneration and/ or other perquisites, benefits and amenities provided that the so revised/ re-fixed remuneration and/ or perquisites etc. do not exceed the limits prescribed from time to time under Schedule XIII or any other provisions of Companies Act, 1956, and/or any Statutory modification(s) thereof and provided further that such enhanced remuneration, allowances and perquisites are subsequently placed before the shareholders in their General Meeting held after such enhancement/revision/re-fixation by the Board."

#### 14. RATIFICATION OF ISSUANCE OF CORPORATE GUARANTEE TO ICICI BANK

To consider and if thought fit to pass with or without modification the following Resolution as a "Special Resolution":-

**"RESOLVED THAT** pursuant to the provisions contained in Section 372A of the Companies Act, 1956 and any other applicable provisions of this Act or any statutory requirement which may be relevant in this connection, the issuance of an unconditional and irrevocable Corporate Guarantee by the Company consequent upon the decision of Board of Directors of the Company to this effect on 11th November 2010 in favour of ICICI Bank Ltd.(ICICI Bank) who at the request of PSL North America LLC had sanctioned a non-fund based credit facility up to an aggregate overall limit not exceeding USD 78.0 Million, guaranteeing due repayment of the said financial facility by the said Company together with payment of interest and other monies payable by the borrower to ICICI bank in respect of the said credit, be and is hereby ratified."

**"RESOLVED FURTHER THAT** the issuance of the said Corporate Guarantee by the Company be and is hereby ratified."

**15. RE-APPOINTMENT OF SHRI S.P.BHATIA AS "WHOLE-TIME DIRECTOR" OF THE COMPANY**

To consider and if thought fit to pass with or without modification the following Resolution as an “**Ordinary Resolution**”:-

“**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable statutory provisions of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the re-appointment of Shri S. P. Bhatia as Whole-Time Director of the Company for a period of 5 (five) years with effect from 26<sup>th</sup> October, 2011 on a remuneration package comprising of a basic salary of ₹ 3,25,000/- per month and benefits, amenities and perquisites which are presently/ paid/ payable/ enjoyed to/ by Shri S. P. Bhatia, the Whole-Time Director of the Company but now to be calculated on the basis of the said enhanced Basic salary ₹ 3,25,000 /- per month in accordance with the approval of the shareholders of the Company accorded by them in this 23<sup>rd</sup> Annual General Meeting.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall also be deemed to include the Remuneration Committee and/or any sub- committee thereof constituted by the Board) be and is hereby authorised to revise and/or re-fix the said remuneration and/ or other perquisites, benefits and amenities provided that the so revised/ re-fixed remuneration and/or perquisites etc. do not exceed the limits prescribed from time to time under Schedule XIII or any other provisions of Companies Act, 1956, and/or any Statutory modification(s) thereof and provided further that such enhanced remuneration, allowances and perquisites are subsequently placed before the shareholders in their General Meeting held after such enhancement/ revision/ re-fixation by the Board.”

**16. RE-APPOINTMENT OF SHRI C.K.GOEL AS "WHOLE-TIME DIRECTOR" OF THE COMPANY**

To consider and if thought fit to pass with or without modification the following Resolution as an “**Ordinary Resolution**”:-

“**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable statutory provisions of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof, for the time being in force) the consent of the Company be and is hereby accorded to the re-appointment of Shri C.K. Goel as Whole-Time Director of the Company for a period of 5 (five) years with effect from 26<sup>th</sup> October, 2011 on a remuneration package comprising of a basic salary of ₹ 3,25,000/- per month and benefits, amenities and perquisites which are presently/ paid/ payable/ enjoyed to/ by Shri C.K. Goel, the Whole-Time Director of the Company but now to be calculated on the basis of the said enhanced Basic salary ₹ 3,25,000/- per month in accordance with the approval of the shareholders of the Company accorded by them in this 23<sup>rd</sup> Annual General Meeting.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall also be deemed to include the Remuneration Committee and/or any Sub- Committee constituted by the Board) be and is hereby authorised to revise and/or re-fix the said remuneration and/ or other perquisites, benefits and amenities provided that the so revised/ re-fixed remuneration and/ or perquisites etc. do not exceed the limits prescribed from time to time under Schedule XIII or any other provisions of Companies Act, 1956, and/or any Statutory modification(s) thereof and provided further that such enhanced remuneration, allowances and perquisites are subsequently placed before the shareholders in their General Meeting held after such enhancement/ revision/ re-fixation by the Board.”

By Order of the Board of Directors of  
**PSL LIMITED**

Regd. Office: -  
Kachigam, Daman  
Union Territory of  
Daman & Diu - 396 210

Sd/-  
**(G. GEHANI)**  
Director &  
Company Secretary

Dated: 15<sup>th</sup> July, 2011

**NOTES:**

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of matters covered under “Special Business” is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND VOTE ON A POLL, IF ANY, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY FILLED IN MUST REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST FORTY-EIGHT HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THIS NOTICE.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 17th day of September, 2011 to Thursday, the 22nd day of September, 2011 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if any, declared at the meeting. Dividend, if approved at the meeting will be paid to those members whose names appears as:-



- a) Beneficial owners, as at the end of business hours on Friday, the 16th day of September, 2011 as per lists to be furnished by NSDL and CDSL in respect of shares held in electronic form and ;
  - b) Members in the Register of Members as on Thursday, the 22nd day of September, 2011 after giving effect to valid transfer requests received before the close of business hours on 16th day of September, 2011.
4. The Final Dividend of ₹ 2.00 per share recommended by the Board of Directors of the Company in its meeting held on 24<sup>th</sup> June, 2011 is in addition to the Interim Dividend of ₹ 2.00 on each fully paid-up share declared and paid by the Board in March, 2011.
  5. Since, the Balance Sheets of the seven Subsidiaries of the Company have not been attached to the Balance Sheet of the Company as permitted by General Circular No.2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs, the Consolidated Financial Statement of the Company and its all seven subsidiaries made in compliance with applicable Accounting Standards and duly audited by Company's Statutory Auditors has been included in the Annual Report. However the Annual Accounts of the subsidiary companies shall be kept for inspection of any shareholder during business hours at the following offices of Company and of its subsidiaries:-
    - a) PSL LIMITED  
Kachigam, Daman  
Union Territory of Daman & Diu - 396 210
    - b) PSL LIMITED  
3<sup>rd</sup> Floor, 'Punj House',  
M-13A Connaught Circus  
New Delhi - 110 001
  6. Members who have still not paid allotment money (as applicable) are requested to pay the outstanding amount including the Interest calculated on outstanding allotment money at the rate of 18% per annum from the last date of payment till 31<sup>st</sup> March, 2001 and thereafter at the rate of 9% p.a. from 1<sup>st</sup> April, 2001 till the actual date of payment by a Demand Draft drawn in favour of "**PSL PUBLIC ISSUE-ALLOTMENT MONEY**", payable at Mumbai.
  7. Members desirous of getting any information in respect of Accounts of the Company and proposed Resolutions, are requested to send their queries in writing to the Company at its Registered Office, so as to reach at least Seven days before the date of the Meeting, to enable the Company to furnish the required information at the Meeting.
  8. For convenience of Members, an attendance slip is annexed to the proxy form. Members/Proxies are requested to affix their signatures at the space provided therein and hand over the attendance slip at the venue of the meeting. The Proxy of a Member should mark on the attendance slip as "Proxy".
  9. Members/Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the Meeting.
  10. Members still holding physical shares are requested to send their Permanent Account Number (PAN) details while lodging their requests to the Company/Share Registrars for transfer of their said physical shares, failing which the transfer requests shall be rejected and the submitted transfer documents will be returned to the Lodger/Buyer.
  11. As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges the relevant details of Shri M.M.Mathur, Shri Alok Punj, Shri Prakash V. Apte, Shri N.C.Sharma and Shri Ashok Sharma, Directors, are annexed herewith.
  12. Shareholders who have not encashed/received dividend for the financial year ended on 31<sup>st</sup> March, 2004 (Final Dividend) to 31<sup>st</sup> March 2011 (Interim Dividend) may please approach the Company for payment of such unpaid dividend, failing which their unclaimed dividend shall be transferred to Investor Education Protection fund in accordance with provisions contained in Section 205C of Companies Act, 1956.
  13. **IN ORDER TO SUPPORT GREEN INITIATIVE FOR REDUCING THE CONSUMPTION OF PAPER RESULTING INTO SAVING OF TREES, THEREBY DIRECTLY HELPING IN ENVIRONMENT PROTECTION LIKE MANY OTHER PROGRESSIVE COMPANIES. YOUR COMPANY HAS ALSO SENT THE ENTIRE ANNUAL REPORT BY ELECTRONIC MODE TO ALL SUCH MEMBERS OF THE COMPANY WHOSE EMAIL ID WAS AVAILABLE WITH THE COMPANY. OTHER MEMBERS ARE ALSO REQUESTED TO SEND THEIR EMAIL ID BY WAY OF FILING UP FORM (ANNEXURE 'A') INCLUDED IN THIS REPORT AND SENDING THE SAME TO THE COMPANY SO THAT IMPORTANT DOCUMENTS OF THE COMPANY CAN BE SENT IN FUTURE TO THEM ALSO BY ELECTRONIC MODE.**

## EXPLANATORY STATEMENT

(In Compliance of Section 173(2) of the Companies Act, 1956)

### ITEM NO. 9. ENHANCEMENT OF BORROWING POWERS

Section 293 (1) (d) provides for a power to Board of Directors of the Company to borrow money up to an amount, which is equivalent to the aggregate of paid-up capital of the Company and its free reserves. In a situation where the borrowings are likely to exceed the said limit, a prior consent is required from the Company in General Meeting. In our Company's case, the shareholders in their 21st Annual General Meeting held on 21st July, 2009 had authorised the Board to borrow up to an amount of ₹ 2500 Crores.

The Company's business during last few years has substantially enhanced and such enhancement is likely to be witnessed during the Current Financial Year also. Keeping in view not only the orders in hand but even those which are likely to be bagged in near future, there would be a sizable need for increased long term funds. These increased funds would be required not only for establishment of new plants in India to cater to the increased demand for Company's products but even for expansion of existing facilities. In addition, additional funds would also be required for setting up of production facilities outside the country. Such heavy requirements would entail raising of long term funds including foreign currency funds.

In view of the reasons for need for borrowing of funds stated hereinabove, shareholders approval for enhanced borrowing limit up to ₹ 3000 Crores is requested.

Hence Resolution at Item No.9 permitting the board to borrow up to the said amount of ₹ 3000 Crores.

None of the Directors are in any way concerned or interested in the said Resolution.

### ITEM NO. 10. INTER-CORPORATE INVESTMENTS

Section 372A of the Companies Act, 1956 regulating inter-corporate loans, guarantees and investments permits the Company to make such loans and investments only up to certain limits specified statutorily. Any loan/ investment beyond the said limit can be made only after obtaining a prior approval to this effect from the shareholders. In our Company's Case, the shareholders in their 21st Annual General Meeting held on 21st July, 2009, had authorized the Board of Directors to make inter-corporate investment up to an amount of ₹ 1500 Crores.

Keeping in view the manifold increase in Company's business both on domestic as well as on international front, Company would be required to make large investments in Company's own subsidiaries / Joint Venture Companies. Also keeping into view various valuable investment opportunities, it is now proposed to authorize Board of Directors to make investments of the funds of the Company up to ₹ 2000 Crores in other Bodies Corporate.

Hence Resolution at Item No. 10.

None of the Directors are in any way concerned or interested in the said Resolution.

### ITEM NO. 11-13: ENHANCEMENT IN REMUNERATION OF WHOLE-TIME DIRECTORS

Shri. S. P. Bhatia, Shri G.Gehani & Shri C. K. Goel were appointed as Whole-time Directors of the Company by the Shareholders in their meeting held on 27th September, 2007 for a period of five years commencing on different dates. All the three Whole time Directors of the Company have been presently drawing a Basic Salary of ₹ 2,50,000 /- per month in addition to usual perquisites and allowances some of which are directly linked to their basic salaries.

Hence, almost two years have passed, since the fixation of the remuneration of these three Directors. However, in these years the Company's activities have increased manifold consequent upon the continuous expansion of facilities on one hand and bagging of high value prestigious orders on the other. The Remuneration Committee in its meeting held on 24.06.2011 had constituted a Sub-Committee to recommend the enhancement of Remuneration of these three Whole-Time Directors.

In order to suitably compensate the Whole-time Directors for the increased work load and the high responsibilities they shoulder, the said Sub-Committee in its meeting held on 15th July, 2011 considered the matter and recommended enhancement of their Basic Salaries in the following manner:

Whole Time Directors	Expiry of Tenure	Present monthly Basic Salary (in ₹)	Proposed monthly Salary (in ₹)
S.P.Bhatia	25.10.2011	2,50,000	325000
G.Gehani	30.07.2012	2,50,000	325000
C.K.Goel	25.10.2011	2,50,000	325000

The Board of Directors has accorded its approval to the payment of enhanced remuneration so recommended by Remuneration Committee/ Sub-Committee with effect from 1st October, 2011 subject to necessary approval to this effect from the shareholders. All such perquisites, which have a direct linkage with the Basic Salary, are also proposed to be proportionately enhanced.

Hence the Resolutions at Item No.11 to 13

The three Directors namely Shri S.P.Bhatia, Shri G.Gehani and Shri C.K.Goel may be treated as concerned or interested in the subject Resolutions.

This may be treated as an extract of the draft terms of appointment of each of Shri S.P.Bhatia, Shri G.Gehani and Shri C.K.Goel pursuant to Section 302 of the Act.

#### ITEM NO. 14. RATIFICATION OF ISSUANCE OF CORPORATE GUARANTEE TO ICICI BANK

PSL North America LLC, a Subsidiary and Joint Venture of the Company, was incorporated on 9th November, 2006 under the laws of State of Delaware, USA. As the objective of incorporation of the said Company in US was to set up a full fledged manufacturing facility to manufacture Steel Pipes up to 24 meter length in US itself, in very short time of incorporation, adequate land was taken on long lease in the State of Mississippi, USA. Immediately thereafter erection of the state of the art Plant was achieved in a record time. Since the Company was fortunate enough to bag a prestigious order even before erection of its Plant, the production had to be commenced at the earliest thereby necessitating the arrangement of adequate Working Capital.

Accordingly, in response to the request of the Company, the New York Branch of ICICI Bank sanctioned Non-Fund Based Credit Facilities aggregating to US\$ 78.0 Million vide its sanction letter no.01/BGNYK/26404 dated 18<sup>th</sup> June, 2010.

As the said Subsidiary Company comparatively a new entity in US had established its first manufacturing facility, the above lender namely ICICI Bank agreed to sanction the aforesaid Non Fund Based Credit Facilities up to US\$ 78.0 Million subject to our Company agreeing to issue Corporate Guarantees in favour of the said Bank to Guarantee the due re-payment by PSL North America LLC.

Section 372A of the Companies Act, 1956 permits the Board of Directors of the Company to give such Corporate Guarantees provided the Board's decision is confirmed by way of a Resolution passed by the members of the Company in a General Meeting of the Company within a period of twelve months from the decision of the Board to this effect. As the Board of Directors in its meeting held on 11<sup>th</sup> November, 2010 had accorded its approval for issuance of Corporate Guarantee to ICICI Bank, New York Branch to secure the non-fund based credit facilities of USD 78.0 million, confirmation of the subject approval is required to be made by the members in this Annual General Meeting.

Hence the Resolutions at Item No.14.

Other than Shri Ashok Punj, Shri Alok Punj and Shri G. S. Sauhta, who are Directors on the Board of PSL North America LLC, no other Director is concerned or interested in the said Item No.14.

#### ITEM NO. 15. RE-APPOINTMENT OF SHRI S.P.BHATIA AS "WHOLE-TIME DIRECTOR" OF THE COMPANY

Shri S.P.Bhatia, who was earlier working with the Company as Head of Project Department, was appointed as a Whole time Director by the Shareholders of the Company in their 19<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2007 for a period of 5 years commencing from 26<sup>th</sup> October, 2006 and ending on 25<sup>th</sup> October, 2011. As the present term of Shri S.P.Bhatia shall expire on 25<sup>th</sup> October, 2011, the Board of Directors of the Company in its meeting held on 24<sup>th</sup> June, 2011 re-appointed him for a further period of five years with effect from 26<sup>th</sup> October, 2011 on the same terms and conditions which were in existence before expiry of his term, subject to the consent to be obtained from the shareholders in the general meeting. Subsequently the Remuneration Committee has recommended increase in remuneration for the three Whole Time Directors including Shri S. P. Bhatia and the Board has accepted the same.

The principal terms and conditions of Shri Bhatia's re-appointment are proposed to be as follows:-

- a) **Period of Agreement** - from 26.10.2011 to 25.10.2016
- b) **Remuneration** - ₹ 3,25,000/-p.m.

with authority to the Board/ Remuneration Committee and/ or any other sub-committee thereof constituted by the Board to re-fix his salary from time to time within the aforesaid period, keeping into view his performance and the ceilings, if any, fixed by statute.

#### c) **Perquisites and Allowances**

- i) In addition to the salary, the appointee shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with the reimbursement of expenses or allowance for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, club fees and leave travel concession for himself and his family in accordance with rules of the Company; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to/by the Board of Directors and the Appointee, such perquisites and allowances will however be subject to a maximum of 125% of his annual salary.
- ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.
- iii) Provisions for use of the Company's Car for Official duties and telephone at residence (incl. Payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.



iv) Company's contribution to provident fund and Superannuation or Annuity fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

d) **Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

- e) The terms and conditions of the said re-appointment may be altered and be varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Whole-Time Director in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.
- f) The arrangement may be terminated by either party giving the other party 6 month's notice or the salary in lieu thereof.
- g) If at any time the Appointee ceases to be Director of the Company for any cause whatsoever, he shall cease to be Whole-Time Director of the Company.
- h) If at any time the appointee ceases to be Whole-Time Director of the Company for any cause whatsoever, he shall not cease to be Director of the Company.
- i) The appointee is appointed by virtue of his employment in the Company and his re-appointment is subject to the provisions of Section 283 (1) of the Act. If at any time the appointee ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be Whole-Time Director of the Company.
- j) The Appointee shall not be entitled to supplement his earning under the Agreements with any buying and selling commissions. He shall not also become interested or otherwise concerned directly or through his spouse and/or minor children , if any, in any selling agency of the Company, without the prior approval from the competent authority.
- k) The Appointee shall not have, inter alia, the following powers:-
  - i) the power to make calls on members in respect of monies unpaid on shares in the Company;
  - ii) the power to issue debentures; and
  - iii) the power to invest the funds of the Company in shares, stocks and securities.

In accordance with the provisions of Section 309 of the Act the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.

Other than Shri S.P.Bhatia, Director, no other Director is concerned or interested in the Resolution.

This may be treated as an extract of the draft terms of appointment of Shri S.P.Bhatia pursuant to Section 302 of the Companies Act 1956.

**ITEM NO. 16. RE-APPOINTMENT OF SHRI C.K.GOEL AS "WHOLE-TIME DIRECTOR" OF THE COMPANY**

Shri C.K.Goel was appointed as a Whole time Director by the Shareholders of the Company in their 19<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2007 for a period of 5 years commencing from 26<sup>th</sup> October, 2006 and ending on 25<sup>th</sup> October, 2011. As the present term of Shri C.K.Goel shall expire on 25<sup>th</sup> October, 2011, the Board of directors of the Company in its meeting held on 24<sup>th</sup> June, 2011 reappointed him for a further period of five years with effect from 26<sup>th</sup> October, 2011 on the same terms and conditions which were in existence before expiry of his term, subject to the consent to be obtained from the shareholders in the general meeting. Subsequently the Remuneration Committee has recommended increase in remuneration for the three Whole Time Directors including Shri C. K. Goel and the Board has accepted the same.

The principal terms and conditions of Shri. Goel's re-appointment are proposed to be as follows:-

- a) **Period of Agreement** - from 26.10.2011 to 25.10.2016
- b) **Remuneration** - ₹ 3,25,000/-p.m.

with authority to the Board/ Remuneration Committee and/ or any other Sub-Committee thereof constituted by the board to re-fix his salary from time to time within the aforesaid period, keeping into view his performance and the ceilings, if any, fixed by statute.

c) **Perquisites and Allowances**

- i) In addition to the salary, the appointee shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with the reimbursement of expenses or allowance for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, club fees and leave travel concession for himself and his family in accordance with rules of the Company; medical insurance and



such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to/by the Board of Directors and the Appointee, such perquisites and allowances will however be subject to a maximum of 125% of his annual salary.

- ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.
- iii) Provision for use of the Company's Car for Official duties and telephone at residence (incl. Payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- iv) Company's contribution to provident fund and Superannuation or Annuity fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

**d) Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

- e) The terms and conditions of the said re-appointment may be altered and be varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Whole-Time Director in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.
- f) The arrangement may be terminated by either party giving the other party 6 month's notice or the salary in lieu thereof.
- g) If at any time the Appointee ceases to be Director of the Company for any cause whatsoever, he shall cease to be Whole-Time Director of the Company.
- h) If at any time the appointee ceases to be Whole-Time Director of the Company for any cause whatsoever, he shall not cease to be Director of the Company.
- i) The appointee is appointed by virtue of his employment in the Company and his re-appointment is subject to the provisions of Section 283 (1) of the Companies Act. If at any time the appointee ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be Whole-Time Director of the Company.
- j) The Appointee shall not be entitled to supplement his earning under the Agreements with any buying and selling commissions. He shall not also become interested or otherwise concerned directly or through his spouse and/or minor children , if any, in any selling agency of the Company, without the prior approval from the competent authority.
- k) The Appointee shall not have, inter alia, the following powers:-
  - i) the power to make calls on members in respect of monies unpaid on shares in the Company;
  - ii) the power to issue debentures; and
  - iii) the power to invest the funds of the Company in shares, stocks and securities.

In accordance with the provisions of Section 309 of the Companies Act the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.

Other than Shri C.K.Goel, Director, no other Director is concerned or interested in the Resolution.

This may be treated as an extract of the draft terms of appointment of Shri C.K.Goel pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board of Directors of  
**PSL LIMITED**

Regd. Office: -  
Kachigam, Daman  
Union Territory of  
Daman & Diu - 396 210

Sd/-  
**(G. GEHANI)**  
Director &  
Company Secretary

Dated: 15<sup>th</sup> July, 2011

**ADDITIONAL INFORMATION**

Particulars	Shri M.M. Mathur
Date of Birth	11 <sup>th</sup> September, 1936
Qualification	M.A. & Diploma in Management
Expertise in specific functional area	General Management & Marketing
Directorship held in other Companies	Nil
Brief Resume	<p>Shri M.M. Mathur after completing his Graduation in Science obtained a Masters Degree in English in addition to a Diploma in Management. Shri M.M. Mathur's association with the Group now stretches to about four decades during which he has held various Senior positions. Most of Shri Mathur's experience is in the Energy Sector as Service provider in oil and gas transmission of pipelines, onshore and offshore in areas of Internal and External Coatings and Cathodic Protection System.</p> <p>Shri Mathur is a member of several International Associations viz; National Association of Pipeline Applicators, U.S.A. Indo-German Chamber of Commerce etc. Since his first appointment, he has been rendering valuable service to the Company by way of being not only on Company's Board, but even on few important Committees of Board such as Committee of Directors and Share Transfer Committee.</p>

Particulars	Shri Alok Punj
Date of Birth	29 <sup>th</sup> May, 1950
Qualification	B.E. (Industrial Engg.)
Expertise in specific functional area	General Management
Directorship held in other Companies	<ul style="list-style-type: none"> <li>- Eurocoustic Products Limited</li> <li>- Punj Investments Pvt. Ltd.</li> <li>- Broken Hills International Pvt. Ltd.</li> <li>- BHI Limited</li> <li>- Punj International Pvt. Ltd.</li> <li>- Sai Shakti Properties Private Limited</li> <li>- PSL USA Inc.</li> </ul>
Brief Resume	<p>Shri Alok Punj, who attended a Bachelor of Engineering Programme in Industrial Engineering at Illinois Institute of Technology, Chicago has over three decades of experience in senior positions in different Engineering Companies of the world and also has experience in International Marketing and Projects, both in the Middle East and Far East. Having guided different companies as a Senior Management Personnel, the Company is now being benefited by his being there on Company's Board and even on few important Committees of Board such as Audit Committee, Committee of Directors, Remuneration Committee, and Shareholders'/ Investors' Grievance Committee.</p>

Particulars	Shri Prakash Vinayak Apte
Date of Birth	17 <sup>th</sup> August, 1943
Qualification	B. Com, FCA
Expertise in specific functional area	Finance, Banking and Accounts
Directorship held in other Companies	<ul style="list-style-type: none"> <li>- Arohan Trustee Company Private Ltd.</li> <li>- Calcutta Promotions Private Limited</li> </ul>
Brief Resume	<p>Shri Prakash Vinayak Apte, after completing Chartered Accountancy Programme from England in November 1968 worked with many leading Accounting Firms in England up to 1975. Subsequently, after a short spell with Maharashtra Electros melt Ltd., Shri Apte joined Hongkong and Shanghai Banking Corporation Limited (HSBC) and worked in various senior positions both within and outside the country for 23 long years. Keeping in view of his vast experience in the field of Banking, Company's Board of Directors appointed him as Additional Director with effect from March 2003, which appointment was later confirmed by the shareholders as they passed an unanimous Resolution in their meeting held on 25<sup>th</sup> September, 2003.</p> <p>Since his appointment, Shri Apte has been rendering valuable service to the Company by way of being not only on Company's Board, but even on few important Committees of Board such as Audit Committee, and Remuneration Committee.</p>



Particulars	Shri N.C. Sharma
Date of Birth	26 <sup>th</sup> November, 1942
Qualification	M.A English Litt.
Expertise in specific functional area	Financial Management
Directorship held in other Companies	<ul style="list-style-type: none"> <li>- Mukund Limited</li> <li>- K-Life Style Technologies Limited</li> <li>- Eskay K'n'it (India) Limited</li> <li>- Asian Oilfield Services Limited</li> </ul>
Brief Resume	<p>Shri N. C. Sharma is an eminent Insurance Expert having successfully held various senior positions in LIC of India where he rose to the position of its "Managing Director". It is only after his retirement from LIC after serving for more than four decades that Shri Sharma joined Company's Board as Additional Director with effect from July, 2003 which appointment was later confirmed by the shareholders as they passed an unanimous Resolution in their meeting held on 25<sup>th</sup> September, 2003.</p> <p>Since his appointment, Shri Sharma has been rendering valuable service to the Company by way of being not only on Company's Board, but even on few important Committees of Board such as Audit Committee, Shareholders'/ Investors' Grievance Committee etc.</p>

Particulars	Shri Ashok Sharma
Date of Birth	4 <sup>th</sup> July, 1944
Qualification	B. Tech
Expertise in specific functional area	Information Technology
Directorship held in other Companies	- Advanced Business Solutions FZE LLC, Dubai
Brief Resume	<p>Shri Ashok Sharma after his graduation from Indian Institute of Technology - Madras, India worked in key senior positions in major multinational companies, rising to Senior Regional Management positions in the internationally known companies such as IBM and Microsoft.</p> <p>Shri Ashok Sharma has an in-depth knowledge of IT activities and related fields of Business Development, Marketing, Sales, Manufacturing and Personnel Management. Based on a unique blend of experience - gained through working for some of the world's largest Organizations - he offers practical advice for implementing Best Practices - to help make corporate strategy work.</p> <p>Looking at the vast knowledge that Shri. Sharma has in the field of Information Technology, he was inducted on Company's Board as "Additional Director" on 15<sup>th</sup> December, 2005. Subsequently the shareholders of the Company in their meeting held on 31<sup>st</sup> August, 2006 passed an unanimous Resolution appointing Shri Sharma as a Director on the Board.</p> <p>Since his appointment, Shri Ashok Sharma has been rendering valuable services to the Company by way of being not only on Company's Board, but even on few important Committees of Board such as Remuneration Committee and Shareholders'/ Investors' Grievance Committee.</p>

## DIRECTORS' REPORT

### To The Members of PSL Limited

Your Directors have pleasure in presenting this Annual Report of the Company together with the Audited Statements of Accounts for the Financial Year ended on 31<sup>st</sup> March 2011.

### FINANCIAL PERFORMANCE

The summary of the Company's Financial Results on Stand alone basis for the year ended on 31<sup>st</sup> March, 2011 and appropriation of divisible profits is given below :-

(₹ in Crores)

Particulars	Current Year		Previous Year	
Sales	2578.67		2761.52	
Other Income	91.22		49.13	
Total Income	2669.89		2810.65	
Add/Less : Change in Stock	-659.31		-29.58	
Total	2010.58		2781.07	
<b>Net Profit before depreciation and interest was</b>	<b>362.95</b>		<b>292.63</b>	
After deducting interest and depreciation of	258.24		175.33	
The profit for the year before Taxation Provisions amounted to	104.71		117.30	
From which is deducted a Taxation Provision of	29.00		29.00	
Leaving thereby a <b>Net Profit</b> of Which your directors have recommended to be appropriated as follows :-	<b>75.71</b>		<b>88.30</b>	
a) Transfer to General Reserves	7.57		8.83	
b) Dividend Payment				
(i) Interim	10.66		NIL	
Add : Tax	1.77	12.43	NIL	NIL
(ii) Final (Proposed)	10.67		21.32	
Add : Tax (Proposed)	1.73	12.40	3.54	24.86
		24.83	24.86	24.86
c) Prior year payments	1.63		2.85	
Thereby leaving a balance of for carrying over to next year's account	41.68		51.76	

### PERFORMANCE HIGHLIGHTS

#### 1. During the Year Under Review

Your Directors are happy to report that while the Indian economy was still trying to come out from the adverse effects of recessionary trends, which affected the whole world in turn affecting the top line of many of the Indian Companies, your Company's Total Income stood at Rs.2669.89 Crores, which almost equalled the Company's income in the previous year. Moreover, in spite of absence of any growth in the turnover, Net Profit before Depreciation and Interest registered an impressive growth of 24%. However, consequent upon the charge of higher depreciation to Profit & Loss Account due to wider Capital goods base, the Net Profit before Tax did decrease marginally from ₹ 117.30 Crores in the previous year to ₹ 104.71 Crores during the year under review.

#### 2. For the Year Under Review

a) As a direct result of decline of Profit before Tax during the year, the General Reserve Account is proposed to be credited with ₹ 7.57 Crores, which

is lesser than the amount of credit accorded in the previous Financial Year.

- b) Due to similar reason as above, the Credit Balance of Profit & Loss Account proposed to be carried to Balance Sheet is ₹ 41.68 Crores, which is lesser than similar balance credited in the previous year.
- c) Keeping in view the interest of the investors of the Company and to abide by Long Term Dividend Policy of the Company, in addition to an Interim Dividend of ₹ 2.00 per share already paid by the Company in March 2011, the Board has recommended further payment of ₹ 2.00 per share as Final Dividend also. If the members approve the said recommendation in the forthcoming Annual General Meeting, the aggregate dividend for the Financial Year 2010-11 would be ₹ 4.00 per share working out to a 40% Dividend Payout Ratio.

### CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the Listing Agreement executed by the Company with the Stock Exchanges, the consolidated financial statements have been prepared by the Company in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements together with Auditors' Report form part of this Annual Report.

As is evident from the aforesaid Audited Consolidated Financial Statements, the Consolidated Turnover of the Company was recorded at ₹ 3222.29 Crores, which was 19% lower than that recorded in the previous year. While your Directors are concerned about such reduction in the Consolidated Turnover, the situation could not be helped as both US & UAE economies where Company's International Operations are located, continued to suffer from the after effects of unprecedented global recession in general and the adverse impact of US Government's Oil Policy after the major oil leak in Gulf of Mexico in particular.

### OPERATIONAL ACHIEVEMENTS

The Company has, over the course of the Financial Year, achieved a number of milestones in spite of facing a difficult and complex business and operating environment.

### STATUS OF DOMESTIC FRONT

Several delays in implementation and expansion of the natural gas grid coupled with deteriorating macro-sector business conditions in terms of raw material, inflation and interest rate enhancement, have adversely impacted Indian businesses operating within the pipeline sector.

(Your Company has seized the opportunity to position itself competitively vis-a-vis these developments by initiating the process of related diversification within the pipeline field, thereby yielding the prospect of considerable synergies in the years to come.)

Despite these difficulties, your Company has managed to complete a host of projects on time and within budget. It has also had the privilege to be part of the growth story in terms of the country's water sector developments. The brief list of Oil and Gas and Water projects successfully completed

during the course of the year under review is produced here under :

#### Major Projects executed in the Financial Year 2010-11

Sr. No.	Particulars	Aggregate Value (₹ in Crores)
1.	GAIL's Dahej-Vijaipur Pipeline Project	624
2.	GAIL's Bawana Nangal Pipeline Project	169
3.	Saipem Jetty Project Sohar Port	109
4.	GAIL's Kochi-Kootanad-Bangalore-Mangalore Pipeline Project	31
5.	BWSSB Project - Water	130
6.	L & T No. 24 Gujarat	74
7.	Hogennakkal - IVRCL / Nagarjuna	64
8.	IOCL's Integrated Offshore Crude Handling Facilities at Paradip	33
	<b>Total</b>	<b>1234</b>

In this 25<sup>th</sup> year of operation, your Company stands as an example of progress in the field of nation building and infrastructure development.

#### PROGRESS ON OVERSEAS FRONT

##### a) North America Project

Upon successful completion of its maiden order within the continental United States, as indicated in last year's Annual Report, PSL North America LLC has commenced efforts to enhance its reach within the North American gas pipeline markets and also the water and structural pipe segments of the North American market. In spite of adverse business condition coupled with a depressed natural gas price environment, PSL North America has successfully secured and executed several smaller pipeline projects and is well positioned, at the time of this report, for securing two major gas pipeline projects where its bids have been evaluated and found competitive.

PSL North America's quality record has been appreciated in view of the fact that 'zero' failures have occurred under field hydro-testing conditions of its supplied pipes. This is despite an extremely stringent quality assurance and testing procedure imposed on United States pipeline projects by PHMSA (Pipeline and Hazardous Materials Safety Administration).

Prospects of an improvement in the natural gas pipeline industry segment within the North American market are bright because of the new development 'Shale Gas' discoveries. This newly developing component of the natural gas industry is likely to provide a growth impetus to pipe manufacturers within the continental USA.

##### B) UAE Project

Your Company's associate in the UAE – PSL FZE has seen a veritable turnaround in market prospects in the Middle East over the past year, culminating in securing its single largest order from the Saudi Saline Water Commission for high grade steel pipe amounting to approximately US\$ 80 Million in value. To cater to this enhanced demand, the Company has decided to enhance its capacity and prepare to meet related demands from Middle East and North African clients in the coming years.

The Company is active in providing anti-corrosion and negative buoyancy services to the offshore pipe industry in the gulf which has seen a strong revival with both gas and oil offshore construction being stimulated by prevailing higher crude oil prices.

#### APPROPRIATIONS

##### Dividend

Adhering to its earlier practice, your Company declared an interim dividend of ₹ 2.00 per Equity Share in February, 2011. Taking into account the financial results for the year under review, your Directors are pleased to recommend a final dividend of ₹ 2.00/- per equity share of ₹ 10/- each on all fully paid up equity shares in addition to the Interim Dividend of ₹ 2.00 per share paid earlier. Thus the total dividend for the Financial Year 2010-11 would work out to ₹ 4.00/- per equity share. With this your Company would complete sixteenth successive year of payment of dividend ever since its Public Issue in February, 1995

##### Transfer to Reserves

The Board has recommended a transfer of ₹ 7.57 Crores to the general reserve as a result of which the accumulated reserves as on 31<sup>st</sup> March, 2011 would amount to ₹ 65.14 Crores. Similarly after retaining ₹ 41.68 Crores in the Profit and loss account for the year under review, the accumulated credit Balance in the Profit and Loss Account appearing in the Balance Sheet is ₹ 339.27 Crores.

#### ANNUAL ACCOUNTS OF SUBSIDIARY COMPANIES

As the Government of India, Ministry of Corporate Affairs has vide its General circular no. 2/2011 dated 8<sup>th</sup> February, 2011 has exempted Companies having subsidiaries from attaching certain financial documents pertaining to such subsidiaries with the Balance Sheet of the holding Company subject to compliance of few prescribed conditions. Your Company, keeping in view the eco-friendly measure, has decided to comply with said circular. Accordingly, your board of directors had in its meeting held on 24<sup>th</sup> June, 2011 passed a Resolution giving its consent for not attaching Balance Sheet of various subsidiaries of the Company. However, the consolidated financial statement of holding Company and all subsidiaries prepared in strict compliance with applicable accounting standards duly audited by its Statutory Auditors are presented in this Annual Report. Further, the consolidated statement giving therein the prescribed information for each subsidiary has also been included in this Annual Report.

The Company will also make available the Annual Accounts of the Subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection at the Registered Office of the Company and at the Corporate Office of the respective subsidiary companies.

#### DIRECTORATE

In terms of provisions of Section 256 of Companies Act, 1956 Shri M. M. Mathur, Shri Alok Punj, Shri Prakash Vinayak Apte, Shri N.C. Sharma, and Shri Ashok Sharma, Directors shall retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting. In Compliance of Clause 49 (IV) (G) of the Listing Agreement a brief resume of the said Directors is annexed to the notice to enable members to consider their re-appointment.



Shri G.S. Sauhta, a Whole Time Director of the Company after having put in a dedicated service of more than 38 years/ 24 years with the Group/ Company, has submitted his resignation effective 31<sup>st</sup> August, 2011. The Board while accepting his resignation has recorded its deep appreciation for the valuable service rendered by Shri G.S. Sauhta during the long tenure that Shri Sauhta was associated for.

#### STATUTORY COMPLIANCES

1. The Company Secretary as Compliance Officer ensures timely compliance of SEBI regulations, applicable law, rules and regulations and provisions of listing Agreement. He also responds to different type of grievances and queries including the ones related to dividend of shareholders.
2. In compliance of Clause 32 of the listing agreement executed by the Company with the different Stock Exchanges the Cash Flow Statement in the format prescribed by SEBI is annexed to this report.
3. In compliance of Clause 32 of the Listing Agreement and Accounting Standard AS-21 on consolidated financial statement your Directors have pleasure in attaching the Consolidated Financial Statements, which forms part of the Annual Report and Accounts.
4. In compliance of Clause 49 VI (ii) of the Listing Agreement, Quarterly Compliance Report in the prescribed format is regularly sent to Stock Exchanges.
5. In accordance with statutory obligation, Secretarial Audit is done on quarterly basis to reconcile the total admitted capital with the two depositories in the country namely National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL) and the total issued and listed capital. Audit Reports furnished to this effect by a Practicing Company Secretary appointed for the purpose have been regularly submitted to the various Stock exchanges with which the Company's shares are listed.

#### INTERNAL CONTROL AND ADEQUACY

Your Company is well aware of the advantages of an effective Control System in the Company. Accordingly, a separate Internal Audit Department headed by a Senior Person, who is a qualified Cost Accountant, has been set up. This Department carryout the Internal Audit of Accounts of different branches and critically analyse the same after which a Consolidated Internal Audit Report is placed before the Audit Committee in its every quarterly meeting for detailed deliberations on the same.

The team of Statutory Auditors being an External Body achieves adequate effectivity of its extensive Audit due to support of the Company's Internal Audit Department. Both Statutory as well as Internal Auditor are regularly invited at the Audit Committee Meetings wherein more light is thrown on the regular Internal Audit checks carried out to ensure that the responsibilities given to different Senior Officers of the Company across all plants are executed effectively with an overall objective that the Company's assets are safe guarded and protected against losses from unauthorized use or disposal.

#### CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company reaffirms its commitment to the good corporate governance practices and adheres to the standards set out by the Securities Exchange Board of India. As required by Clause 49 of the Listing Agreement executed by your Company with National and Bombay Stock Exchanges, a report on Corporate Governance, a separate Management Discussion and Analysis

Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of this Annual Report.

#### BOARD COMMITTEES

Since over the years the activities of the Company have increased manifold, various important decisions are required to be taken at short notices. As convening of regular meetings of Board comprising of eminent individuals located not only in different cities of the country but even abroad becomes costly and time consuming, the Board in its wisdom discharges many of its statutory and administrative responsibilities through Standing and Non-standing Committees constituted from time to time.

While the following five Standing Committees with a defined mandate given to them are permanent in nature, various Non-standing Committees are constituted for dealing with specific assignments. Therefore their term automatically lapses after the assignment in question is completed :-

1. Audit Committee
2. Committee of Directors
3. Remuneration Committee
4. Shareholders'/ Investors' Grievance Committee
5. Share Transfer Committee

Meetings of these Committees were held periodically wherein certain important decisions in accordance with their respective mandates were taken which were thereafter ratified by the Board.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions contained in Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that:

- In the preparation of annual accounts of the year under review the applicable accounting standards were followed
- The accounting policies in consultation with Statutory Auditors are applied consistently to give a true and fair view of the state of affairs of the Company at the end of Financial Year under review and Profit & Loss Account of the period under report.
- Proper and sufficient care has been taken for maintenance of adequate accounting records and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Annual Accounts have been prepared on a going concern basis.

#### AUDITORS

M/s. Suresh C. Mathur & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting. They have offered themselves for re-appointment for which they are eligible. The Company has received a Certificate from the retiring Auditors to the effect that the appointment, if made will be in accordance with the limit specified in Section 224 (1B) of the Companies Act, 1956.

#### AUDITORS' REPORT

The notes to the accounts referred to in Auditors' Report are self-explanatory and therefore do not call for any further comments.

### COST AUDITORS

In pursuance of Section 233B of the Companies Act, 1956 and an Order no. F.No.52/26/CAB-2010 dated 03.05.2011 issued by Cost Audit Branch, Ministry of Corporate Affairs; your Directors have appointed Mr. V.V. Deodhar, a practicing Cost Accountant as a Cost Auditor to conduct the Cost Audit of "Steel Pipe Products" for the financial year 2011-12. The said appointment has been approved by the Central Government.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed by sub-section (1) (e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

### PARTICULARS OF EMPLOYEES

In compliance of Section 219(1)(b)(iv) of Companies Act, 1956 this report is being sent to the shareholders of the Company without containing therein the information in accordance with Sub-section 2A of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. However, since the said particulars will be made available at

the Registered Office of the Company w.e.f 1<sup>st</sup> September, 2011, the members desirous of obtaining such particulars may write to the "Director & Company Secretary" of the Company at its Registered Office.

### ACKNOWLEDGEMENTS

Your Directors express their gratitude to the Company's various Customers across the globe, Suppliers, Government Authorities, Financial Institutions, Foreign Institutional Investors, Bankers, Solicitors, Auditors & Shareholders for their on-going co-operation and support.

Your Directors also place on record their appreciation for the dedication and hard work put in by the PSL Team comprising of Officers and Staff Members at all level which has enabled the Company to surge ahead in these challenging times.

For and on behalf of the Board of Directors  
**PSL Limited**

	Sd/-	Sd/-
Place : Mumbai	<b>(ALOK PUNJ)</b>	<b>(ASHOK PUNJ)</b>
Date : 15 <sup>th</sup> July, 2011	Director	Managing Director

## ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

	2010-11	2009-10
<b>1. CONSERVATION OF ENERGY</b>		
<b>A) Power and Fuel Consumption</b>		
<b>Electricity</b>		
a) Purchased Units (M.KWH)	<b>41,191.92</b>	39,028.97
Total Amount (₹ Crores)#	<b>25.31</b>	24.57
Average Rate/Unit (₹ /KWH)	<b>6.15</b>	6.29
b) Own Generation		
i) <i>Through Diesel Generator</i> Units (M.KWH)	<b>11897.54</b>	7,625.79
Units per litre of diesel oil (KWH) ##	<b>3.16</b>	2.78
Average Cost/Unit (₹ /KWH)	<b>12.90</b>	12.52
ii) <i>Through Steam Turbine/Generator</i> Units (M.KWH)	<b>NIL</b>	NIL
Average Cost/Unit (₹ /KWH)	<b>NIL</b>	NIL
# Excludes electricity duty paid on purchases		
## Previous year's figure modified		
<b>B) Technology Absorptions</b>		
The Company is doing research and development for improvement in their items of manufacturing. Specific areas in which R & D is carried out by the Company:-		
1. Improvement of product quality and process efficiency		
2. Optimising production efficiency		
3. Cost deduction and economical efficient production		
4. Pollution Control - to have pollution free environment in and around factory areas.		
5. Environmental Care		
6. Optimisation of process parameters.		
<b>2. FOREIGN EXCHANGE EARNINGS AND OUTGO</b>	<b>(₹ in Crores)</b>	<b>(₹ in Crores)</b>
Earnings	<b>4,635.25</b>	143.26
Outgo on Royalty	<b>NIL</b>	NIL

For and on behalf of the Board of Directors  
of PSL Limited

Place : Mumbai  
Date : 15<sup>th</sup> July, 2011

Sd/-	Sd/-
<b>(ALOK PUNJ)</b>	<b>(ASHOK PUNJ)</b>
Director	Managing Director

## CORPORATE GOVERNANCE

This report on Corporate Governance forms part of Directors' Report.

### 1) PHILOSOPHY OF THE COMPANY ON CORPORATE GOVERNANCE

Your Company is committed to conduct its business in compliance with the applicable laws, Rules and Regulations and with the highest standards of business ethics. Your Company believes that good Corporate Governance is a key contributor to sustainable corporate growth and creating superior value for our various stakeholders. The philosophy of your Company in relation to Corporate Governance is to ensure fairness, transparency, integrity, equity and accountability in its dealing with its customers, dealers, employees, lenders, Government, shareholders and other stakeholders.

The broad terms of Company's policy on Corporate Governance are:-

- a) to ensure transparency in all its operations which implies the maximum possible disclosure without compromising in any way in compliance of law and regulations and the interest of the Company and its shareholders.
- b) to maintain high quality of products on continuous basis.
- c) to ensure that adequate systems of internal controls exist and are also supported by PSL's Code of Conduct.
- d) to strive to achieve a competitive return for its investors.
- e) to ensure that full and timely information is provided to all Directors so as to enable them to make informed decisions on corporate and business issues.
- f) to focus on training and development of employees and workers so as to achieve the overall corporate objectives, while ensuring employee integration across national boundaries.
- g) to ensure that the Company follows globally recognized Corporate governance practices.
- h) to ensure the promotion of ethical values and setting up exemplary standards of ethical behavior in our conduct.

### 2) BOARD OF DIRECTORS

#### Composition

The Board presently consists of fifteen Directors of which eight are Executive Directors and seven are Non-Executive Directors (out of which six are Independent Directors). The composition of Board of Directors till recently (i.e. till sudden death of Founder Director and Chairman Shri Y. P. Punj) was in full conformity with Clause 49 of the Listing Agreement executed by the Company with Stock Exchanges.

Shri G. S. Sauhta, one of the Executive Director has recently submitted his resignation from the services of your Company after devoting 24 years of his life in the service of the Company.

Although the ratio of Executive and Non-Executive Directors did get adverse as far as ratio prescribed by Clause 41 of Listing Agreement is concerned, consequent upon

relinquishment of office by Shri G. S. Sauhta in near future, the said ratio will be fully achieved.

### Composition of Board and Directorships (Including Membership & Chairmanship)

Sr. No.	Name of the Directors	Category of Director	No. of positions held	
			Board Memberships*	Memberships of Standing Committees##
1.	Ashok Punj	Managing Director	18	1
2	Alok Punj	Non-Executive	8	4
3	G.S. Sauhta	Executive	4	Nil
4	R. K. Bahri	Executive	3	Nil
5	M.M. Mathur	Executive	1	2
6	D. N. Sehgal	Executive	4	Nil
7	S. P. Bhatia	Executive	2	2
8	G. Gehani	Executive	1	3
9	C. K. Goel	Executive	1	Nil
10	N. C. Sharma	Independent & Non-Executive	5	7
11	Prakash V Apte	Independent & Non-Executive	3	2
12	Harry Shourie	Independent & Non-Executive	2	1
13	Ashok Sharma	Independent & Non-Executive	2	2
14	Paresh J. Shah	Independent & Non-Executive	1	2
15	Harsh Pateria	Independent & Non-Executive	2	2

# This includes Directorship held in PSL Limited and other Public Limited Companies, subsidiaries of Public Limited Companies, Private Limited Companies and Foreign Companies.

## This includes Committee Membership held in PSL Limited as well as in other Companies.

The day-to-day management of the Company is controlled by Managing Director subject to the supervision and control of Board of Directors. He is assisted by seven Whole time Directors and other heads of Divisions/ Departments.

None of the Directors is a member of more than 10 Board level committees of public Company or is a Chairman of more than 5 such committees across all companies in which they are Directors.

### ATTENDANCE AT MEETINGS

During the financial year 2010-11, the Board of Directors met four times. The date of the said Board meetings were 29<sup>th</sup> May, 2010, 30<sup>th</sup> July, 2010, 11<sup>th</sup> November, 2010 and 14<sup>th</sup> February, 2011 respectively. In compliance of Clause 49(1) (c) of Listing Agreement, it was ensured that the gap between any two Board Meetings did not exceed four months. After close of the Financial Year, the Board of Directors met on 14<sup>th</sup> May, 2011 and on 24<sup>th</sup> June, 2011 to firstly take on record the Un-Audited Financial Results for the last quarter of the financial year 2010-11 and then for submission of Audited Financial Results for the entire Financial Year as per Clause 41 (1) (d) of the Listing Agreement. The last Annual General Meeting was held on 30<sup>th</sup> September, 2010. Attendance of each Director at the four Board meetings held for the last financial year 2010-11



and at the aforesaid last Annual General Meeting was as follows :-

Name of Directors	Board Meetings				Meetings attended No.	Last AGM 30.09.10
	29.05.10	30.07.10	11.11.10	14.02.11		
Sh. Ashok Punj	P	P	P	P	4	P
Sh. Alok Punj	P	P	P	P	4	P
Sh. G. S. Sauhta	P	LOA	P	P	3	P
Sh. R. K. Bahari	P	P	P	P	4	P
Sh. M. M. Mathur	P	LOA	P	P	3	NR
Sh. D. N. Sehgal	P	LOA	P	P	3	NR
Sh. Prakash Vinayak Apte	P	P	P	P	4	P
Sh. N. C. Sharma	P	P	P	P	4	P
Sh. Ashok Sharma	P	LOA	P	P	3	NR
Sh. Harry H. Shourie	P	LOA	P	P	3	NR
Sh. S. P. Bhatia	P	LOA	P	P	3	NR
Sh. C. K. Goel	P	P	P	LOA	3	NR
Sh. G. Gehani	P	P	P	P	4	P
Sh. Paresh J. Shah	LOA	LOA	P	P	2	NR
Sh. Harsh Pateria	P	P	LOA	LOA	2	NR
Directors Attended	No.	14	8	14	13	
	%	93	53	93	87	

P = Present

LOA = Leave of Absence

NR = Statutorily not Required to attend

### 3) BOARD COMMITTEES

The Board constitutes its Committees from time to time and at the time of their constitution fixes mandate for each such Committee. However, some of the Committees have specific assignment delegated to them whereas the others being Standing Committees are permanent in nature and have to meet from time to time. The tenure of the former types of Committees expire after accomplishment of the specific objective set for them whereas the tenure for Standing Committees is unlimited although the constitution and the mandate of such Standing Committees keep changing based on need for such change.

#### STANDING COMMITTEES

Presently the Board has following five Standing Committees each of which functions within its scope, power and role:-

- Audit Committee
- Remuneration Committee
- Shareholders'/ Investors' Grievance Committee
- Committee of Directors
- Share Transfer Committee

Such scope, power and role is fixed keeping in view the relevant provisions of Companies Act, Listing Agreement and the specific view of the Board from time to time. Accordingly, these Standing Committees make decisions within the mandate given to them and all such decisions are then placed before the Board for its ratification/noting.

#### BRIEF ABOUT STANDING COMMITTEES

##### A) Audit Committee

###### (i) Composition

The Audit Committee, which was initially constituted in 2002 now comprises of six members as per following details:-

S. No.	Name of Member	NED/ I & NED*	Position
1.	Alok Punj	Non-Executive Director	Member
2.	Prakash V. Apte	Independent & Non-Executive Director	Member
3.	N.C.Sharma	Independent & Non-Executive Director	Member
4.	Harry H. Shourie	Independent & Non-Executive Director	Member
5.	Harsh Pateria	Independent & Non-Executive Director	Member
6.	G.Gehani	Director & Company Secretary	Member

\* NED = Non-Executive Director

I & NED = Independent & Non-Executive Director

All the above members have vast experience apart from adequate knowledge in the field of Finance and Accounting.

###### (ii) Terms of Reference

The Terms of Reference of the Committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement executed with Stock Exchanges.

The present terms of reference, scope and function of the Audit Committee as laid down by the Board include the following:

- Supervision of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with the management, the Quarterly and Annual Financial Statements before submission to the Board for approval, with particular reference to :-
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board' Report in terms of clause (2AA) if Section 217 of the Companies Act, 1956.
  - Changes if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with Stock Exchanges and legal requirements concerning financial statements.
  - Disclosure of any related party transactions
- To discuss and review the Company's financial and risk management policies
- To review with the Management, the statement of uses/ application of funds raised through Public Issue, Rights Issue, Preferential Issue etc.

The Audit Committee may also review such matters as are considered appropriate by it and referred to it by the Board.

###### (iii) Meetings & Attendance

During last one year 4 meetings of Audit Committee were held. The attendance at the said meetings were as follows:-

Date of Meeting	Name of Member							Attendance	
	Alok Punj	Prakash V. Apte	N. C. Sharma	Harry H. Shourie	Harsh Pateria	G. Gehani	No.	%	
29.05.10	P	P	P	P	P	P	6	100	
30.07.10	P	P	P	LOA	P	P	5	83	
11.11.10	P	P	P	P	LOA	P	5	83	
14.02.11	P	P	P	P	LOA	P	5	83	
No. of Meetings attended	4	4	4	3	2	4			
% of Attendance	100	100	100	75	50	100			

P = Present

LOA = Leave of Absence

All the Committee meetings were attended by Head of Finance Function, Head of Internal Audit and the Statutory Auditors of the Company.

### INTERNAL AUDIT

PSL considers the Internal Audit Department as a powerful tool with focus on control and governance. Internal Audit promotes strong ethics and values within the organization.

At PSL, Internal Audit team aims at:-

- effectiveness and efficiency of operations
- reliability of financial reporting
- Compliance with laws and regulations of all major functional areas, purchase, store, quality, production, technical, marketing, sales & finance.
- Internal Audit Department gives its report on all major findings during the audit, to the Board.

Internal Audit Department gives its report on all major findings during the audit to the Board.

### B) Remuneration Committee

#### (i) Terms of Reference

The Remuneration Committee has been constituted to recommend / review remuneration of the Managing Director and Whole-time Directors and employees covered under Section 314 of Companies Act based on Company's policy and financial status, industry trends, performance and past remuneration.

#### (ii) Remuneration Policy

The Remuneration Policy of the Company is directed towards rewarding performance, based on review of achievements of individuals from time to time. The Remuneration Policy of the Company focuses on external competitive environment in the industry, to attract and retain talent and appropriately reward them.

#### (iii) Composition

The Committee comprises of five Non-Executive Directors of the Company and Shri G. Gehani a Director & Company Secretary to act as Secretary of the Committee as per following details :-

S. No.	Name of Member	ED/ NED/ I & NED	Position
1.	Alok Punj	Non-Executive Director	Member
2.	Prakash V. Apte	Independent & Non-Executive Director	Member
3.	Ashok Sharma	Independent & Non-Executive Director	Member
4.	Paresh J. Shah	Independent & Non-Executive Director	Member
5.	Harsh Pateria	Independent & Non-Executive Director	Member
6.	G.Gehani	Executive Director & Company Secretary	Secretary

#### (iv) Meeting

During the Financial Year 2010-11, a meeting was convened on 30th July, 2010, which was attended by all the members except Shri Ashok Sharma and Shri Paresh Shah. At this meeting the revised remuneration package of Shri Keshav Punj, Son of Shri Ashok Punj, Managing Director of the Company in compliance of

provisions of Section 314(1B) of Companies Act, 1956 was considered and recommended to the Board.

After the conclusion of said Financial Year 2010-11 another meeting of Remuneration Committee/ Remuneration Sub-Committee was held on 24th June, 2011 and 15th July, 2011 wherein enhancement of remuneration of three Whole Time Directors namely Shri S. P. Bhatia, Shri G. Gehani & Shri C. K. Goel were considered and recommended.

### C) Shareholders'/Investors' Grievance Committee

#### (i) Composition

The Committee comprises of four Non-Executive Directors of the Company & Shri. G. Gehani Director & Company Secretary to act as Secretary of the Committee as per following details.

S. No.	Name of Member	ED/ NED/ I & NED	Position
1.	Alok Punj	Non-Executive Director	Member
2.	N.C. Sharma	Independent & Non-Executive Director	Member
3.	Ashok Sharma	Independent & Non-Executive Director	Member
4.	Paresh J. Shah	Independent & Non-Executive Director	Member
5.	G.Gehani	Executive Director & Company Secretary	Secretary

#### (ii) Terms of Reference

The role and terms of reference of this committee are:-

- to oversee the redressal of Complaints of Shareholders and Investors'
- to appoint Compliance Officer and determine the role and responsibilities of such Officer
- to review routine matters such as transfer of shares, non-receipt of Balance Sheets, non-receipt of warrants for declared dividends
- to ensure timely attention to investors' complaints and resolution thereof
- other matters related to shares.

The main object of the Committee is to strengthen investors relations.

#### (iii) Meetings & Attendance

All other members except Shri Paresh J. Shah attended the meeting convened on 29th May, 2010.

#### (iv) Compliance Officer

Shri G. Gehani –Director & Company Secretary continued to act as “Compliance Officer” for complying with the requirement of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

#### (v) Investor Grievance Redressal

During the year a total of 109 complaints were received from the members, all of which were resolved to the full satisfaction of the concerned members. Hence, there were no outstanding complaints as at the end of year.

#### D) Committee of Directors

This Committee, which was initially constituted on 12<sup>th</sup> October, 1998 is one of the most important Committee

##### (i) Composition

Presently the Committee comprises of following five members.

S. No.	Name of Member	ED/ NED/ I & NED	Position
1.	Ashok Punj	Managing Director	Member
2.	Alok Punj	Non-Executive Director	Member
3.	M.M. Mathur	Executive Director	Member
4.	G. Gehani	Executive Director & Company Secretary	Member
5.	S.P. Bhatia	Executive Director	Member

##### (ii) Terms of Reference

As the terms of reference of this Committee, which are fixed by the Board of Directors keep changing based on the need for such change from time to time, apart from general power to deliberate on any matter of urgent nature, the current mandate of this Committee is as follows:-

1. Acceptance / Revision/Addition / Reduction/ Cancellation / Modification / Enhancement/ Extension of various types of Credit Facilities sanctioned / Arranged by Banks/ Financial Institutions / Merchant Bankers / Investment Consultants etc including Term Loan / Working Capital Limits / Guarantee Facilities/ Performance Guarantee Facilities/ Unsecured Bond/ Foreign Currency Loans / Guarantees etc.
2. Approval for granting different types of authorisation to companies officials for acting as occupiers, Power of Attorneys, Authorised Representatives etc. for carrying out urgent responsibilities including submission of Bid Documents, handling of various legal issues of very urgent nature .
3. Authority for executing documents for Land purchase / sale of Companies properties signing of MOU's etc.
4. Authority for representing the Company at other Companies General Meetings, Various Business Meetings, Meetings with Govt. officials etc.
5. Execution of Guarantees, Counter Guarantees Agreement, Bonds, Lease Deed, and Notices etc.
6. Fixation of Record Dates, Book Closure Dates, Dividend Payment Dates, Meeting Dates, Dates for Transfer of unpaid Dividend to Investor Education & Protection Fund.
7. Carrying out of any other activities or action, taking of any decision which is of urgent nature and keeping in view of the interest of the Company cannot be deferred till the next Meeting of Board of Directors, subject however to the fact that such action / decision is not reserved exclusively for the Board or Shareholders.

##### (iii) Meetings

During the year under review 59 meetings were held. Attendance of the members at the meetings was as follows:-

S.No.	Name of Member	No of meetings attended
1.	Ashok Punj	26
2.	Alok Punj	25
3.	M.M. Mathur	38
4.	G.Gehani	37
5.	S.P.Bhatia	38

#### E) Share Transfer Committee

##### (i) Composition

The Committee comprises of following three members:-

S. No.	Name of Member	ED/ NED/ I & NED	Position
1.	M.M. Mathur	Executive Director	Member
2.	G. Gehani	Executive Director & Company Secretary	Member
3.	S.P. Bhatia	Executive Director	Member

During the year under review a total of 6 sittings were held wherein a total of 8 transfer cases comprising of 800 equity shares were approved. All actions of this Committee are placed before the Board of Directors from time to time for its noting and ratification.

##### (ii) Terms of Reference

The role and terms of reference of the Share Transfer Committee is to give approval of transfer/ transmission of physical equity shares of the Company lodged with the Company/ Share Registrars.

#### REMUNERATION OF DIRECTORS

##### Whole Time Director

Each of the eight Whole Time Directors of the Company has been appointed by the shareholders of the Company. Such appointments are generally for a tenure of five years at one time. They are paid remuneration, which are duly recommended by the Remuneration Committee/ Sub Committee and approved by the shareholders in the subsequent Annual General Meetings.

The break-up of the Remuneration paid to each of the eight Directors during 2010-11 are as follows :-

Sr. No.	Name	Salary (Basic + HRA)	Perquisites	Retirement	Commission	Total in (₹)
1	Ashok Punj	11,615,000	39,600	8,28,000	Nil	12,482,600
2.	G.S.Sauhta	16,615,000	39,600	3,105,000	Nil	19,759,600
3.	R.K.Bahri	11,615,000	599,600	1,863,000	Nil	14,077,600
4.	M.M.Mathur	11,615,000	78,370	8,28,000	Nil	12,521,370
5.	D.N.Sehgal	11,615,000	599,600	1,863,000	Nil	14,077,600
6.	S.P.Bhatia	5,007,500	104,607	8,52,000	Nil	5,964,107
7.	C.K.Goel	3,507,417	890,654	11,10,000	Nil	5,508,071
8.	G.Gehani	5,007,500	267,400	11,70,000	Nil	6,444,900
	<b>Total</b>	<b>76,597,417</b>	<b>2,619,431</b>	<b>11,619,000</b>	<b>Nil</b>	<b>90,835,848</b>

##### Non-Executive Director

Independent Directors on the Board of PSL are Non-Executive Directors who:-

- apart from receiving Director's Remuneration (Sitting fee), do not have any material pecuniary relationship or

transaction with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates.

- are not related to Promoters or Senior Management Personnel
- have not been an Executive of the Company in the immediately preceding three Financial Years.

The Board has seven Non-Executive Directors of which six are Independent Directors.

The remuneration paid to these Non-Executive Directors for attending Board Meetings and/ or Committee Meetings were as follows :-

Sr. No.	Name of Directors	(in ₹)
1.	Sh. Alok Punj	1,80,000
2.	Sh. Prakash V. Apte	1,70,000
3.	Sh. N.C.Sharma	1,70,000
4.	Sh. Ashok Sharma	70,000
5.	Sh. Harry H. Shourie	1,20,000
6.	Sh. Paresh J. Shah	40,000
7.	Sh. Harsh Pateria	90,000
	<b>Total</b>	<b>8,40,000</b>

#### 4. GENERAL BODY MEETINGS

Last Annual General Meeting of the Company was held on 30<sup>th</sup> September, 2010

Following are the details of last Five General Meetings: -

For Financial Year	Date	Time	Venue	No. of Special Resolutions Considered
2009-10	30 <sup>th</sup> September, 2010	9.30 A.M.	Hotel "Cidade de Daman", Devka Beach, Nani Daman, U.T. of Daman & Diu-396210	2
2008-09	21 <sup>st</sup> July, 2009	9.30 A.M.	Hotel "Miramar", Devka Beach, Nani Daman, U.T. of Daman & Diu-396210	6
2007-08	4 <sup>th</sup> September, 2008	9.30 A.M.	Hotel "Cidade De Daman", Devka Beach, Nani Daman, U.T. of Daman & Diu-396210	3
2006-07	27 <sup>th</sup> September, 2007	9.30 A.M.	Hotel "Cidade de Daman", Devka beach, Nani Daman, U.T. of Daman & Diu-396210	4
2005-06	31 <sup>st</sup> August, 2006	9.30 A.M.	Hotel "Cidade de Daman", Devka beach, Nani Daman, U.T. of Daman & Diu-396210	2

#### 5. DISCLOSURES

- (i) There were no material significant related party transactions of the Company with the Directors or the management or their relatives that may have any potential conflict with interest of the Company at large. Suitable disclosure as required by Accounting Standard - 18 (Related Party Transactions) has been made in Annual Report.
- (ii) There were no instances of non-compliance by the Company. Similarly, no penalties or strictures were

imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

- (iii) It is affirmed that no person entitled to access the Audit Committee was denied the said access.
- (iv) The Company has adopted the non-mandatory requirement as regards provisions relating to the Remuneration Committee.

#### 6) CODE OF CONDUCT

The Code of Conduct has been laid down for all the Board Members and Senior Management Personnel of the Company. The said Code of Conduct is posted on the website of the Company. As in the practice, for the Financial Year 2010-11 the Board members and senior management personnel have affirmed their compliance of the said code. A Declaration to this effect is annexed at the end of this report.

#### 7) CEO/ CFO CERTIFICATION

Certificate from Chief Executive Officer/ Managing Director and Chief Finance Officer for the financial year ended on 31<sup>st</sup> March, 2011 is annexed at the end of this report.

#### 8) MEANS OF COMMUNICATION

- (a) Information to Stock Exchanges and Newspaper Publicity
 

Quarterly, Half-Yearly /Annual Results of the Company are published in the newspapers in terms of Listing Agreement. These results are promptly submitted to Stock Exchanges. Additionally, in strict compliance of Listing Agreement requirements, the Company has always promptly reported dates of various Board Meetings, General Meetings, Book Closures/ Record Date to the Stock Exchanges and also published the information pertaining thereto in reputed newspaper for information to shareholders. The quarterly and annual Financial Results of the Company are normally published in "Business Standard" / "Financial Express" / "Hindu Business Line".

Price sensitive information like receiving of orders/ award and other matters that are relevant to the shareholders has been timely informed to Stock Exchanges.

- (b) Company's Website

The Company regularly posts important information such as Quarterly/Audited Financial results, Shareholding pattern etc. on Company's website [www.pslimited.com](http://www.pslimited.com) at the earliest.

The Company by way of press releases in leading financial newspapers also informs significant information about important developments to shareholders.



- (c) The Management Discussions and Analysis Report forms part of the Annual Report.

## 9. GENERAL SHAREHOLDERS INFORMATION

- a) Registered Office Kachigam, Daman  
Union Territory of Daman & Diu  
- 396 210.
- b) Annual General Meeting Date : 22<sup>nd</sup> September, 2011  
Day : Thursday  
Time : 9.30 A.M.  
Venue : "Cidade de Daman",  
Devka Beach, Nani  
Daman, U.T. of Daman  
& Diu-396 210
- c) Financial Calendar - April to March of each year
- d) Un-audited/Audited Results approval Quarter Ended on Board meeting held on  
- First 30<sup>th</sup> June, 2010 30<sup>th</sup> July, 2010  
- Second 30<sup>th</sup> Sept., 2010 11<sup>th</sup> Nov., 2010  
- Third 31<sup>st</sup> Dec., 2010 14<sup>th</sup> Feb., 2011  
- Year 31<sup>st</sup> March, 2011 14<sup>th</sup> May, 2011  
24<sup>th</sup> June, 2011
- e) Dates of Book closure Saturday, the 17<sup>th</sup> September, 2011 to Thursday, the 22<sup>nd</sup> September, 2011  
(Both days inclusive)
- f) Dividend Payment 7<sup>th</sup> October, 2011 (Interim dividend paid @ Rs. 2.00/- per equity share in March, 2011. Final dividend recommended @ Rs. 2.00/- per Equity share)
- g) Listing at Stock Exchanges Bombay Stock Exchange  
National Stock Exchange
- h) ISIN No. Under the depository System, the ISIN allotted to the Company's equity shares is INE474B01017
- i) Stock Codes Bombay Stock Exchange - 526801.  
National Stock Exchange - PSL
- j) Share Market Price Data High/Low of Company's shares for the year 2010-11 in BSE & NSE is as follows :-

Particulars	BSE		NSE	
	Price of High	Price of Low	Price of High	Price of Low
April 2010	155.90	137.50	155.80	138.00
May 2010	154.50	120.05	154.70	119.05
June 2010	135.75	119.00	136.00	118.00
July 2010	146.10	123.60	146.25	123.60
August 2010	142.80	121.50	142.70	121.60
September 2010	134.80	115.00	134.50	114.90
October 2010	126.40	109.10	126.90	109.25
November 2010	118.90	83.85	117.35	86.00
December 2010	99.30	81.40	99.90	72.15
January 2011	96.65	78.00	96.90	77.95
February 2011	80.40	64.50	80.40	64.50
March 2011	78.00	67.30	77.70	67.10

- k) Comparison to Broad Based Index Performance in comparison to Broad based index such as Nifty index and BSE Sensex

## Share Price Comparison

Particulars	PSL Quoted at BSE	BSE (Sensex)	PSL Quoted at NSE	NSE (Nifty)
Share Price 01.04.10 (Open)	139.20	17555.04	139.40	5249.20
Share Price 31.03.11 (Close)	73.60	19445.22	73.70	5833.75
Increase/decrease in %	- 47.13 %	+10.77%	-47.13%	+ 11.13 %

- l) Share Transfer Agents Kary Computershare Private Limited  
17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081.
- m) Share Transfer System - The Company's equity shares are compulsorily traded in demat mode at the Stock Exchanges.

Equity shares in physical form lodged for transfer are processed by Share Transfer Agents of the Company namely Kary Computershare Private Limited before a formal approval by Share Transfer Committee of the Board. The transfer/transmission of shares in physical form is normally processed and completed within 15 days from the date of receipt thereof. In case of shares in electronic form, the transfers are processed by NSDL/ CDSL through their respective Depositories.

- In terms of Clause 47C of the Listing Agreement entered into between the Company and different Stock Exchanges, a practicing Company Secretary has been appointed by the Company to examine the records and processing of share transfer and thereafter issue half yearly certificate which is sent to the Stock Exchanges.

- In accordance with SEBI's requirement a practicing Company Secretary has been appointed by the Company who on quarterly basis conducts secretarial audit for reconciliation of total issued share capital with depositories and in physical form.

- n) Distribution of Shareholding of the Company as on 31<sup>st</sup> March, 2011

Category From To	No. of cases	% of cases	Amount (Rs.)	% of Amount
01- 5000	29787	85.47	42137430.00	7.8819
5001-10000	2674	7.67	21295630.00	3.9834
10001-20000	1225	3.51	18694980.00	3.4969
20001-30000	415	1.19	10664370.00	1.9947
30001-40000	173	0.50	6138220.00	1.1481
40001-50000	134	0.38	6285760.00	1.1757
50001-100000	233	0.67	17610400.00	3.2940
100001 & above	212	0.61	411782320.00	77.0249

- o) Dematerialization of Shares 99.45% of equity shares of the Company have been dematerialized

- p) Plant / Office Location The Company's Plants are located at Varsana, Nanichirai, Gandhidham, Daman, Maduranthakam (near Chennai), Vishakhapatnam, Mahudi (near Gandhinagar, Gujarat).

- In addition to the aforesaid domestic plants,

1. Plant has been set up by PSL FZE a subsidiary of the Company at Post Box No. 42131 Inner Harbour, Plot no. HJ02 , Hamriyah Free Trade Zone, Sharjah in UAE.
2. Office has been set up by PSL USA INC, Subsidiary of the Company, at Corporation Trust Center, 1209, Orange Street, Wilmington, New Castle, 1980, Delaware in USA.
3. Plant has also been set up by PSL-North America LLC, Subsidiary of PSL USA INC, in 13092, Sea Plane Road, Bay St. Louis, Mississippi 39520, USA.

q) Addresses for correspondence from Shareholders for queries/ complaints, if any: -

- |   |  |
|---|--|
| a) Shri G. Gehani<br>Director & Company Secretary<br>Legal & Secretarial Office<br>3rd Floor, 'Punj House'<br>M-13 A, Connaught Circus,<br>New Delhi - 110 001. | b) Karvy Computershare Private Limited<br>(Share Transfer Agents of PSL Limited)<br>17-24 Vittal Rao Nagar,<br>Madhapur,<br>Hyderabad - 500 081. |
|---|--|

#### 10. OTHER USEFUL INFORMATION FOR SHAREHOLDERS UNCLAIMED DIVIDEND

- i) Pursuant to Section 205A and Section 205C and other applicable provisions , if any of the Companies Act, 1956 dividends which are unclaimed for a period of 7 years are statutorily required to be transferred to Investor Education Protection Fund (IEPF) administered by Central Government and thereafter cannot be claimed by the Investors. To fulfill Company's Statutory responsibility, the Company has already transferred all dividends declared up to 2003-2004 (interim dividend) to the said IEPF.

Members are required to make their claims without any delay to the Company. Due dates for transfer of Unclaimed dividend by the Company to Investor Education Protection fund are as follows :

Financial Year	Type of dividend	Dividend No.	Date of declaration of dividend	Due date for transfer by the Company to IEP Fund
2003-2004	Final	16 <sup>th</sup>	23/09/2004	22/10/2011
2004-2005	Interim	17 <sup>th</sup>	19/01/2005	17/10/2012
2004-2005	Final	18 <sup>th</sup>	25/09/2005	24/10/2012
2005-2006	Interim	19 <sup>th</sup>	22/01/2006	20/02/2013
2005-2006	Final	20 <sup>th</sup>	31/08/2006	29/09/2013
2006-2007	Interim	21 <sup>st</sup>	18/01/2007	16/02/2014
2006-2007	Final	22 <sup>nd</sup>	27/09/2007	26/10/2014
2007-2008	Interim	23 <sup>rd</sup>	15/01/2008	13/02/2015
2007-2008	Final	24 <sup>th</sup>	04/09/2008	02/10/2015
2008-2009	Interim	25 <sup>th</sup>	30/01/2009	29/02/2016
2008-2009	Final	26 <sup>th</sup>	21/07/2009	20/08/2016
2009-2010	Interim	27 <sup>th</sup>	26/04/2010	25/05/2017
2009-2010	Final	28 <sup>th</sup>	11/10/2010	10/11/2017
2010-2011	Interim	29 <sup>th</sup>	28/02/2011	27/03/2018

ii) Members still holding shares in physical form are requested to notify/send the following to the Company's RTA to enable them to provide better services :-

- a) Any change in the address/bank details
- b) Particulars of the bank A/c in case the same have not been sent earlier.
- c) Copy of Income Tax Permanent Account Number for transfer/ transmission/ deletion of name etc.

iii) Members holding shares in electronic form are advised that their address/ Bank details as furnished to the Company by the respective depositories viz CDSL & NSDL, will be printed on the dividend warrants. Members are requested to inform the concerned DPs in case of any change in their address etc, to facilitate better and quicker service.

iv) Although 99.45% of Company's shares have already been dematerialized, members still holding their shares in physical form are again requested to get them dematerialized so that their eventual trading at the Stock Exchanges is facilitated.

v) For better service to the investors and Shareholders, members are requested to submit their valuable suggestions to the Secretarial and Legal Deptt. of the Company.

### DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49 sub clause 1 (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and Senior Management personnel of the Company have affirmed compliance of Company's Code of Conduct for the Financial Year ended on 31<sup>st</sup> March, 2011.

For **PSL LIMITED**

Sd/-

(Ashok Punj)

Managing Director

Place : Mumbai

Date : 15<sup>th</sup> July, 2011



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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### **The Members PSL Limited**

We have examined the compliance of conditions of Corporate Governance by PSL Limited, for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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:

- i). We certify that the Company has compiled with the mandatory conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
- ii). We state that there are no investor grievance(s) pending for a period exceeding one month against the Company as per the records maintained by the "shareholders/investors" Grievance Committee.
- iii). We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For & on behalf of  
Suresh C. Mathur & Company  
Chartered Accountants

Sd/-  
**Suresh C. Mathur**  
Partner  
Membership No. 1276

Place : Mumbai  
Date : 15<sup>th</sup> July, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENT

Consequent upon collapse in the global businesses and international trade due to major financial crisis in the period 2007-09, the Indian economy also had an adverse impact although much lesser in quantum than that for major developed countries of the world. Hence, as compared to many other economies of the world, our economy could sustain itself not only during the peak of the crisis period but even in the two succeeding financial years i.e. 2009-10 & 2010-11 during which the ripple effect of the crisis continued. Again, in spite of the fact that the three successive years i.e. 2008-09, 2009-10 & 2010-11 witnessed erratic agricultural growth and its direct and indirect adverse effect on the economy, it could generally grow at approx. 8% in 2010-11 if the Government statistics are to be believed. The medium to long term prospect of the economy including the Industrial Sector continued to be positive in spite of a little deceleration in Industry and Manufacturing Sectors. The GDP could grow as a direct result of rise in savings and investments coupled with enhanced consumption. Although, inflationary trends were witnessed but the focus of such inflationary pressures remained generally driven by food items pushing the inflation to elevated levels for a large part of the Financial Year, 2010-11. In spite of adequate movement in prices of crude oil mainly caused by political turmoil in the Middle East, exports could improve and imports did take a dip resulting into an appreciable balance of payment position.

With the aforesaid background of Global as well as Indian economy, one can confidently say that as the global economy gradually returns to normalcy and achieve pre-recession status, the future of Indian economy will also gradually improve thereby pushing the Manufacturing Sector in general and Pipe making Industry in particular.

### OPPORTUNITIES AND THREATS

In accordance with the reports released by various surveys, the Indian Pipe Industry is still considered among the top three manufacturing hubs with Japan and Europe being the other two. However, since the Indian economy picked up the momentum much later as compared to US and rest of the world, the penetration level of Pipeline and Oil & Gas transportation in India is far lower being just 32% as compared to 59% in USA and 79% in Europe. While such a situation could be considered dismal as far as the past of the Pipeline Industry is concerned, the same statistical fact can prove a big boom for the Industry since the lower penetration in the past has automatically resulted into higher scope for growth of Pipe making Industry in future.

#### A) OPPORTUNITIES

Based on reports of a survey, the Pipe line Projects identified for the current year alone will require an aggregate of 700,000 tonnage out of which the Water Sector alone will require approx. 577,000 tonnes of Pipeline.

While continuing the subject of "Opportunities for Pipeline Industry" Government of India is aiming to add 11 million hectares of irrigational facilities entailing an investment of Rs.1,580 billion just for the XIth Five Year

Plan. Again, in order to reduce the imports of crude oil, Government has formulated a New Exploration Licensing Policy for exploration and production of oil & gas. The National Gas Grid requiring an investment of Rs.210 billion is being set up and mega private players like Reliance Industries Limited (RIL) and Cairn has shown adequate interest in setting up of Pipe infrastructure for oil & gas transport. On the City gas front, the required Pipeline is already available in 10 cities. However, in the next five years, the coverage is expected to grow to 100 cities entailing an investment of Rs.250-300 million.

#### B) THREATS

The Pipeline Industry suffers from some major threats. Firstly, this industry is highly raw material intensive with the raw-material cost accounting for more than 70% of the total cost of the Pipe. Secondly, freight is another major concern as due to higher imports of the heavy raw-material comprising of HR Coil and the export of Pipes manufactured after conversion of HR Coil the freight cost in this industry is exorbitant and so becomes another major cost element in the landed cost of the pipes at the customer's destination. Thirdly, the frequent fluctuation in the international prices of H.R. coil further affected by frequent adverse fluctuations in foreign exchange result into making the Pipe making Business as a whole as a business which is subjected to many factors not within the control of individual enterprises.

### OUTLOOK

As stated above, the clouds of global recession, which made the whole world suffer, are slowly and slowly getting cleared from the sky of uncertainties. As a result of such pleasant developments, Indian economy is looking forward for playing a vital role in the world economy with each of its three important Sectors namely Agricultural, Manufacturing and Services playing a significant role in contributing their respective might to boost the GDP of the country.

Regarding the Company's own outlook, it can confidently claim that the high-tech State of the Art Plant set up by Company's Subsidiary namely, 'PSL North America LLC' at St. Bay Louise near Gulf of Mexico has established itself very well in the North America particularly after very successfully completing the first major Project awarded to it by Florida Gas Company. While few competitors have come on the US Pipeline Industry map, huge demand arising in North America as a result of Gas and Oil Policies followed by US administration post the infamous gas leak is a big hope for Company's US establishment.

On the Middle East front, while at the Plant established by Company's Subsidiary at Hamriya Free Trade Zone in Sharjah, UAE, another Pipe Mill is being added to it has, after successfully completing an earlier prestigious Order awarded by Multinational Construction Company has bagged another Saudi Arabian Order worth US\$ 80 Million, which shall be adequate enough to keep the Plant in full operation for the entire Current Financial Year.

The outlook on domestic front is also encouraging as apart from prestigious orders bagged by the Company from Indian Oil



Corporation Limited (IOCL), Gas Authority of India Limited (GAIL) & National Thermal Power Corporation Ltd (NTPC) in the recent past, many more Pipeline Projects have been bid by the Company and it is hoped that based on its strategic planning of establishing Pipe Mills at different strategic locations of the country, Company will be successful in bagging many of the Projects bid by it.

#### **RISKS AND CONCERNS**

The risks and concerns faced by the Company are not different from the other players in the Pipeline Industry. However, in order to reduce the direct impact of such risks, many of which are caused due to external reasons, Company follows a comprehensive and integrated risk management framework. Apart from inclusion of realistic data for procurement of raw-materials in the bids submitted by the Company from time to time, adequate control is exercised to actually purchase high valued raw-materials like H.R. Coil etc. from such a source from across the globe in a manner that is most beneficial to the Company for optimum utilization of its resources. The negotiation of transport contracts, be they shipping companies or be they road transporters is another vital area, where adequate energy and expertise of senior personnel is utilized to reduce the transportation cost to the bare minimum so as to maximize the Company's profitability.

#### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

Having realized the importance of internal control over the years of experience, a full fledged Internal Control Department has been set up within the Company. The Department is headed by a Senior person, who ensures that internal controls are formulated and implemented by the management with an ultimate objective of efficiency in operations and optimum utilization of Company's resources. The reports are prepared on quarterly basis and are placed before the Audit Committee in its quarterly meetings for detailed deliberations and advice, if any, to the Internal Control Department. Policies to reduce raw-material wastage (being an important factor for cost reduction) are framed based on the experience gained by the Company in its different plants. Direct control over compliance of Accounting Standards is also exercised as part of the Internal Control effort.

#### **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

With the wide network of Plants, Branches and Offices of the Company across the length and breadth of the Country, it is important that apart from achievement of good performance of

the various production facilities, excellent financial performance of each Unit is also achieved. While adequate decentralization of powers at Plants and Branches level has been resorted to, all crucial decisions pertaining to operation as well as finance are taken at Company's Headquarters at Mumbai. The centralized purchase of the major raw-materials and the centralized fund raising exercise at Headquarters level has indeed proved beneficial to the Company as both these areas are fairly sensitive keeping in view the peculiar nature of Company's operations. As an on going exercise continuous planning by senior personnel based at Headquarters in Mumbai with respect to crucial operational matters goes a long way in exercising strict cost controls eventually resulting into profit maximization.

#### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT**

It has been recognized time and again by the senior management of the Company that Human Resources of the Company are great asset. Adequate attention is paid to motivational factors with a view to retain the quality personnel in the Company in spite of their high cost as it is strongly felt that recruitment and training of new personnel eventually cause a big drain on Company's finances without producing adequate productivity. Large number of long service awards presented year after year to individuals who have been with the Company for many many years is an evidence of the loyalty and dedication with which a sizeable work force is associated with the Company.

Training of individuals not only within the country's boundaries but even at work places of Company's collaborators from time to time directly results into betterment of individual traits eventually translated into quality production. By adoption of all such methods not only for induction of quality manpower but even for retaining such quality manpower has benefited the Company in creating a clear edge over its competitors as far as human resources is concerned.

#### **CAUTIONARY STATEMENT**

Certain Statements made in this report relating to Company's objectives, outlook, future plans etc. may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual performance may differ materially from such estimates or projections, whether express or implied. Important factors that could make a difference to the Company's operations; include Government Regulations, Tax regimes, Economic developments within India and countries in which the company conducts business and other allied factors.

## CEO/CFO CERTIFICATION

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### The Board of Directors PSL Limited

#### Ref: Financial Statements for the year 2010-11 Certification by Managing Director/CEO and CFO

We, Ashok Punj, the Managing Director of PSL Limited appointed in accordance with provisions of the Companies Act, 1956 and K. Ramanathan, the CFO of PSL Limited hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the Financial Year 2010-11 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any false or materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent or illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee that :
  - (i) there have been no significant changes in internal control over financial reporting during the year;
  - (ii) there have been no significant changes in accounting policies during the year; and
  - (iii) there have been no instances of significant fraud of which we have become aware of and hence there has been no involvement of any management person or any employee having a significant role in the Company's internal control system over financial reporting.

Sd/-  
**(Ashok Punj)**  
Managing Director

Sd/-  
**(K. Ramanathan)**  
Chief Finance Officer (CFO)

Place: Mumbai  
Date: 15<sup>th</sup> July, 2011

## AUDITORS' REPORT

To,

The Members of PSL Limited

1. We have audited the attached Balance Sheet as at March 31, 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
  - I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - II. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - III. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

- IV. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- V. On the basis of the written representations received from the Directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 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 significant accounting policies in schedule "Q" and notes appearing thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 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 & on behalf of  
Suresh C. Mathur & Company  
Chartered Accountants

Sd/-  
SURESH C. MATHUR  
Partner  
Membership No.1276

Place: Mumbai  
Date : 24<sup>th</sup> June, 2011

## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars, including quantitative details at factory level. Consolidation of the Assets including quantity & value is under progress at the Corporate Office. In accordance with the phased programme for verification of fixed assets, certain items of fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.
2. The inventory of the Company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. In our opinion and according to the information and explanations given to us, the procedures of physical verification followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company.
3. According to information and explanation given to us the company has not granted any loans secured or unsecured to Companies, Firms or other parties which are of the nature required to be covered under Section 301 of the Companies Act, 1956. However the company has given ₹ 813.60 lacs as interest free advance to wholly owned subsidiary during the year, which is repayable on demand.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, Fixed Assets and for the sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts of arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system, commensurate with the size of the Company and the 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, the maintenance of cost records has been prescribed under Section 209 (1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. According to the records of the Company, the Company is regular in depositing undisputed statutory dues including With-holding of Taxes, Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Service Tax, Excise Duty and Cess were outstanding, at the year end for a period of more than six months from the date they became payable.

As on March 31, 2011 according to the records of the Company the following are the particulars of disputed dues on account of Excise duty, Customs, Income Tax, Service Tax and Sales Tax that have not been deposited.

Sr. No.	Nature of Dues	Amount Under Dispute (₹ in Lacs)	Period to Which the Amount Relates	Forum where the dispute is pending
1.	Central Excise	25	2004-05-06	Tribunal, Ahmedabad
2.	- do -	3752	2006	Remanded back by Tribunal, Ahmedabad and pending with Central Excise Commissioner, Rajkot
3.	- do -	1467	2008	Tribunal, Ahmedabad
4.	- do -	1452	2008	Commissioner, Rajkot
5.	- do -	8	2010	Commissioner (Appeals), Pondicherry
6.	- do -	34	2010	Addl. Commissioner Central Excise, Rajkot
7.	- do -	9	2010	Commissioner Appeals, Vizag
8.	- do -	3	2011	Commissioner Central Excise, Vizag



9.	Customs	9	2010	Dy. Commissioner of Customs, Kandla
10.	- do -	4	2010	Dy. Commissioner of Customs, Kandla
11.	Service Tax	45	2008	Tribunal, Chennai
12.	- do -	10	2009	Jt. Commissioner Central Excise Puducherry
13.	- do -	209	2009	Commissioner Central Excise Puducherry
14.	- do -	2	2009	Commissioner Appeals, Vizag
15.	- do -	15	2009	Commissioner Appeals, Vizag
16.	- do -	2	2010	Asst. Commissioner Service Tax, Rajkot
17.	- do -	155	2010	Commissioner, Rajkot
18.	- do -	49	2010	Addl. Commissioner Central Excise, Service Tax Commissioner, Rajkot
19.	Sales Tax	43	2000-01	Pending in AP High Court
20.	- do -	14	1999-2000	Tribunal, Ahmedabad
21.	- do -	1200	2003-04-05	AP High Court
22.	Income Tax	700	2005- 2006	Commissioner of Income Tax (Appeal) & ITAT
23.	Income Tax	74.91	2008-2009	Commissioner of Income Tax (Appeal)

10. The Company has no accumulated losses at the end of the Financial Year and it has not incurred any cash losses in the current and immediately preceding Financial Year.

Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and Banks.

11. The Company does not have any outstanding Debentures.

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 or advances on the basis of security by way of pledge of shares, debentures and other securities.
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 are not applicable to the Company.
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 are not applicable to the Company.
15. In our opinion and explanation given to us the Company has given Guarantees for loan taken by its subsidiaries from Banks/Financial Institutions.
16. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment and no long-term funds have been used to finance short-term assets (excludes Long Term working capital).
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
19. The Company has not raised any money by way of issue of Debentures.
20. The Company has not raised any money during the year by way of Share Capital.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For & on behalf of  
Suresh C. Mathur & Company  
Chartered Accountants

Sd/-

Suresh C. Mathur

Partner

Place : Mumbai  
Date : 24<sup>th</sup> June, 2011

Membership No.: 1276

**BALANCE SHEET AS AT MARCH 31, 2011**

				[₹ in lacs]	
	Schedule	As at March 31, 2011		As at March 31, 2010	
<b>SOURCE OF FUNDS</b>					
<b>SHARE HOLDERS' FUNDS</b>					
Share Capital	A	5,333.38		5,333.20	
Reserves & Surplus	B	83,708.73	89,042.11	78,509.37	83,842.57
<b>LOAN FUNDS</b>					
Secured Loans	C	152,810.21		188,710.80	
Unsecured Loans	D	25,000.00	177,810.21	6,128.50	194,839.30
Deferred Taxation Liability			583.14		1,065.70
<b>TOTAL</b>			<b>267,435.46</b>		<b>279,747.57</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block (At cost)	E	137,638.70		110,502.79	
Less: Depreciation		50,737.28		39,137.91	
Net Block		86,901.42		71,364.88	
Add: Capital Work-in-Progress		19,666.76	106,568.18	31,562.56	102,927.44
<b>INVESTMENTS</b>	F		20,291.57		20,243.37
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	G	191,469.55		112,294.82	
Sundry Debtors	H	55,376.34		49,661.48	
Cash and Bank Balances	I	19,359.98		10,719.36	
Loans and Advances	J	46,910.23		60,232.07	
		313,116.11		232,907.73	
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	K	167,918.06		71,186.23	
Provisions	L	4,622.33		5,144.73	
		172,540.39		76,330.96	
<b>NET CURRENT ASSETS</b>			<b>140,575.71</b>		156,576.76
<b>MISCELLANEOUS EXPENDITURE</b>			<b>NIL</b>		NIL
<b>TOTAL</b>			<b>267,435.46</b>		<b>279,747.57</b>
<b>NOTES TO ACCOUNTS</b>	Q				

As per our report attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

(SURESH C. MATHUR)  
Partner  
M.No. 1276

K. RAMANATHAN  
Chief Finance Officer

ALOK PUNJ  
G.S. SAUHTA  
D.N. SEHGAL  
S.P. BHATIA  
G. GEHANI (Director & Co. Secretary)

ASHOK PUNJ  
M.M. MATHUR  
R.K. BAHRI  
C.K. GOEL

Directors

Place: Mumbai  
Date: 24<sup>th</sup> June, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

		[₹ in lacs]	
	Schedule	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
<b>INCOME</b>	<b>M</b>	<b>266,989.49</b>	<b>281,065.51</b>
		<b>266,989.49</b>	<b>281,065.51</b>
<b>EXPENDITURE</b>			
Raw Materials and Stores	N	175,096.26	207,832.08
Excise Duties and Taxes		20,058.02	16,836.40
Manufacturing & Process Expenses (includes freight)		17,463.19	13,584.37
Employees Remuneration & Benefits	O	7,592.30	5,885.88
Bad Debts Written off		120.00	NIL
Other Expenses	P	10,364.35	7,663.51
Interest on Term Loans & Overdrafts		14,144.73	10,898.71
Depreciation		11,679.56	6,634.81
		<b>256,518.42</b>	<b>269,335.76</b>
<b>PROFIT BEFORE TAXATION</b>		<b>10,471.07</b>	<b>11,729.74</b>
Less: Provision for Taxation			
Current Tax		3,382.56	1,876.82
Deferred Tax		(482.56)	1,023.18
		<b>2,900.00</b>	<b>2,900.00</b>
<b>PROFIT AFTER TAXATION</b>		<b>7,571.07</b>	<b>8,829.75</b>
Less:			
Transfer to General Reserve		757.11	882.97
Interim Dividend		1,065.94	NIL
Proposed Dividend		1,066.68	2,131.62
Tax on Proposed Dividend		173.09	354.04
Tax on Interim Dividend		177.04	NIL
<b>Prior Year Expenses</b>			
Income Tax		163.50	285.03
		<b>3,403.36</b>	<b>3,653.66</b>
<b>BALANCE CARRIED OVER TO BALANCE SHEET</b>		<b>4,167.71</b>	<b>5,176.09</b>
<b>EARNINGS PER SHARE (BASIC)</b>		₹ <b>14.16</b>	<b>18.03</b>
(Face Value ₹ 10/- each)			
<b>EARNINGS PER SHARE (DILUTED)</b>		₹ <b>14.16</b>	<b>17.82</b>
(Face Value ₹ 10/-each)			
<b>NOTES TO ACCOUNTS</b>	<b>Q</b>		

As per our report attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**(SURESH C. MATHUR)**  
Partner  
M.No. 1276

**K. RAMANATHAN**  
Chief Finance Officer

**ALOK PUNJ**  
**G.S. SAUHTA**  
**D.N. SEHGAL**  
**S.P. BHATIA**  
**G. GEHANI** (Director & Co. Secretary)

**ASHOK PUNJ**  
**M.M. MATHUR**  
**R.K. BAHRI**  
**C.K. GOEL**

Directors

Place: Mumbai  
Date: 24<sup>th</sup> June, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**
**SCHEDULE "A" – SHARE CAPITAL**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
<b>Authorised :</b>		
<b>100,000,000 EQUITY SHARES OF ₹ 10/- Each</b>	<b>10,000.00</b>	10,000.00
<b>A. Issued &amp; Subscribed</b>		
53,460,911 Equity Shares of ₹ 10/- Each	<b>5,346.09</b>	5,346.09
<b>B. Paid up Capital</b>		
53,460,911 Equity Shares of ₹ 10/- Each	<b>5,346.09</b>	5,346.09
Less: Allotment Money in Arrears Pertaining to The Shares Allotted Prior to Merger (Directors Nil)	<b>12.71</b>	12.89
	<b>5,333.38</b>	5,333.20

**SCHEDULE "B" – RESERVES AND SURPLUS**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
<b>A. General Reserve</b>		
As per Last Balance Sheet	<b>5,757.22</b>	4,874.25
Add: Transfer from Profit & Loss Account	<b>757.11</b>	882.97
	<b>6,514.33</b>	5,757.22
<b>B. Security Premium</b>		
As per Last Balance Sheet	<b>42,948.86</b>	29,092.11
Add: Additions during the year	<b>NIL</b>	13,856.75
Add: Excess provision of FCCB redemption premium written back	<b>272.75</b>	NIL
	<b>43,221.61</b>	42,948.86
Less: Allotment Money in Arrears (Directors Nil)	<b>94.03</b>	95.83
	<b>43,127.58</b>	42,853.03
<b>C. Investment Allowance Utilised Reserve</b>		
As Per Last Balance Sheet	<b>139.64</b>	139.64
<b>D. Profit and Loss Account</b>		
As per last Balance Sheet	<b>29,759.48</b>	24,583.38
Add: Transfer during the year	<b>4,167.71</b>	5,176.09
	<b>33,927.19</b>	29,759.48
	<b>83,708.74</b>	78,509.37



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

### SCHEDULE "C" – SECURED LOANS

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
<b>A. Term Loan from Financial Institutions, Banks and Non Banking Financial Institutions</b>	<b>26,070.05</b>	29,343.52
[Secured against First Charge on pari passu basis on some of the Immovable & Moveable Assets of the Company]		
<b>B Working Capital Term Loan from Scheduled Banks</b>	<b>18,000.00</b>	20,000.00
[Secured against First Charge on pari passu basis on some of the Immovable & Moveable Assets of the Company]		
<b>C From Scheduled Banks</b>	<b>108,734.45</b>	139,345.02
[Secured against hypothecation of Current Assets and second charge on the assets as per (A&B) above]		
<b>D From Scheduled Banks</b>	<b>5.71</b>	22.26
[Motor Vehicle Loans]		
	<b>152,810.21</b>	188,710.80

### SCHEDULE "D" – UNSECURED LOANS

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
Foreign Currency Convertible Bonds	NIL	1,128.50
From Scheduled Banks	<b>25,000.00</b>	5,000.00
	<b>25,000.00</b>	6,128.50

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**
**SCHEDULE "E" – FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at April 1, 2010	Additions during the year	Deductions during the year	As at March 31, 2011	Upto April 1, 2010	Depreciation for the year	Depreciation Reserve	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Free Hold Land	5,681.97	NIL	NIL	5,681.97	NIL	NIL	NIL	NIL	5,681.97	5,681.97
Lease Hold Land	44.58	NIL	NIL	44.58	17.98	1.49	NIL	19.47	25.11	26.60
Office Buildings	117.23	NIL	NIL	117.23	26.10	4.56	NIL	30.66	86.57	91.13
Factory Buildings	13,205.32	421.74	NIL	13,627.06	5,496.27	787.75	NIL	6,284.02	7,343.04	7,709.05
Furniture and Fixtures	429.80	18.03	NIL	447.83	281.10	28.29	NIL	309.39	138.44	148.70
Plant and Machinery	83,653.62	26,668.23	10.95	110,310.90	28,035.52	10,426.68	10.09	38,452.10	71,858.79	55,618.10
Office Equipment	433.83	22.55	NIL	456.38	267.51	24.48	NIL	291.99	164.39	166.32
Lab Equipments	770.64	16.11	NIL	786.75	336.23	61.71	NIL	397.94	388.81	434.41
Computers	449.25	21.93	NIL	471.17	381.48	30.61	NIL	412.09	59.08	67.77
Motor Cars	1,073.49	52.28	74.01	1,051.76	752.45	85.80	70.11	768.14	283.62	321.04
Commercial Vehicles	105.10	NIL	NIL	105.10	103.11	0.60	NIL	103.71	1.39	1.99
Cycles	0.29	NIL	NIL	0.29	0.21	0.02	NIL	0.23	0.06	0.08
Earth Moving Equipments	3,599.06	NIL	NIL	3,599.06	3,010.01	176.71	NIL	3,186.72	412.34	589.05
Shed Construction	938.62	NIL	NIL	938.62	429.94	50.87	NIL	480.81	457.81	508.68
<b>T O T A L</b>	<b>110,502.80</b>	<b>27,220.87</b>	<b>84.96</b>	<b>137,638.70</b>	<b>39,137.91</b>	<b>11,679.57</b>	<b>80.20</b>	<b>50,737.28</b>	<b>86,901.42</b>	<b>71,364.88</b>
Total (Previous Year)	78,113.83	32,406.78	17.82	110,502.79	32,513.87	6,634.81	10.77	39,137.91	71,364.88	45,599.96

[₹ in lacs]

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

### SCHEDULE "F" - INVESTMENTS

[₹ in lacs]

	As at March 31, 2011	As at March 31, 2010
<b>UNQUOTED (FULLY PAID UP) AT COST</b>		
<b>(I) LONG TERM INVESTMENTS :</b>		
<b>COMPANY UNDER SAME MANAGEMENT</b>		
a) 1330000 Equity Shares of ₹ 10/- each of BHI LTD. (Previous year 1330000 Equity Shares)	<b>133.00</b>	133.00
b) 150000 Equity Shares of ₹10/- each of Punj International Pvt. Ltd. (Previous Year 150000 Equity Shares)	<b>15.00</b>	15.00
c) 7500 Equity Shares of ₹ 10/- each of Broken Hills International Ltd. (Previous year 7500 Equity Shares)	<b>0.75</b>	0.75
d) 2000 Equity Shares of ₹ 100/- each of Punj Investments Pvt. Ltd. (Previous year 2000 Equity Shares)	<b>2.00</b>	2.00
e) 860000 Equity Shares of ₹ 10/- each of Eurocoustic Products Ltd. (Previous Year 860000 Equity Shares)	<b>86.00</b>	86.00
f) 100000 Equity Shares of ₹ 10/- each of Savvy Consultants Pvt. Ltd. (Previous Year 100000 Equity Shares)	<b>10.00</b>	10.00
g) 184000 Equity Shares of ₹ 10/- each of Punj Corporation Pvt. Ltd. (Previous Year 92000 Equity Shares)	<b>18.40</b>	9.20
	<b>265.15</b>	255.95
<b>(II) SUBSIDIARY COMPANY :</b>		
a) 1400020 Equity Shares of ₹ 10/- Each of PSL Corosion Control Services Ltd. (Previous year 1400020 Equity Shares)	<b>140.00</b>	140.00
b) 26475242 Equity Shares of USD 1 of Pipeline Systems Ltd. Mauritius (Previous year 26475242 Equity Shares)	<b>11,443.79</b>	11,443.79
c) 20003083 Equity Shares of USD 1 of PSL USA, INC. (Previous year 20003083 Equity Shares)	<b>8,313.50</b>	8,313.50
d) 170000 Equity Shares of ₹ 10/- each of PSL Gas Distribution Pvt. Ltd. (Previous year Nil)	<b>17.00</b>	NIL
e) 220000 Equity Shares of ₹ 10/- each of PSL Infrastructure & Ports Pvt. Ltd. (Previous year Nil)	<b>22.00</b>	NIL
	<b>19,936.29</b>	19,897.29
<b>(III) OTHERS:</b>		
a) 128 Shares of ₹ 100/- each in The Gandhidham Mercantile Co-operative Bank Ltd. (Previous Year-128)	<b>0.13</b>	0.13
b) SBI Capital Protection Oriented Fund (Mutual Fund) (Previous year-100)	<b>100.00</b>	100.00
	<b>100.13</b>	100.13
	<b>20,301.57</b>	20,253.37
Less: Provision for diminution in value of Investments (Savvy Consultants Pvt. Ltd.)	<b>10.00</b>	10.00
	<b>20,291.57</b>	20,243.37

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**
**SCHEDULE "G" – INVENTORIES**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
<b>(Certified by the Management)</b>		
Raw Materials, Consumables, Semi-finished Goods & Work-in-progress	171,222.85	98,059.90
Finished Goods	20,246.70	14,234.92
	<b>191,469.55</b>	<b>112,294.82</b>

**SCHEDULE "H" – SUNDRY DEBTORS**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
<b>(Unsecured but Considered Good)</b>		
Debts outstanding for a period of less than six months	48,856.77	43,566.00
Debts outstanding for a period of more than six months	6,519.57	6,095.48
	<b>55,376.34</b>	<b>49,661.48</b>

**SCHEDULE "I" – CASH AND BANK BALANCES**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
Cash in Hand	71.47	53.35
In Current Account with Scheduled Banks	7,263.38	1,494.67
In Deposit Account with Scheduled Banks (Includes ₹ 6873.07 Lacs Under Lien to the Bank for facilities availed) (Previous year ₹ 5739.01 Lacs under lien)	12,025.13	9,171.33
	<b>19,359.98</b>	<b>10,719.36</b>

**SCHEDULE "J" – LOANS AND ADVANCES**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
<b>(Unsecured but Considered Good)</b>		
Security Deposit (Includes Central Excise, Service Tax, VAT deposit of ₹ 34777.37 Lacs) (Previous year ₹ 33927.95/- Lacs)	38,005.28	37,131.99
Advance recoverable in cash or in kind or for the value to be received (include advances of ₹ 780.24 lacs for expenses to companies in which some directors are interested ) (Previous year ₹ 605.25 Lacs)	5,860.84	21,785.14
Advance Payment against taxes	3,044.11	1,314.93
	<b>46,910.23</b>	<b>60,232.07</b>

**SCHEDULE "K" – CURRENT LIABILITIES**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
Sundry Creditors for Purchases	152,272.46	48,022.95
Other Current Liabilities	7,809.18	9,843.98
Mobilization Advances	7,836.42	13,319.29
	<b>167,918.06</b>	<b>71,186.23</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

### SCHEDULE "L" - PROVISIONS

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
Provision for Taxation - Current Tax	3,382.56	1,876.82
Provision for Redemption of FCCB	NIL	782.25
Proposed Dividend	1,066.68	2,131.62
Tax on Proposed Dividend	173.09	354.04
	<b>4,622.33</b>	<b>5,144.73</b>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS A/C FOR THE YEAR ENDED MARCH 31, 2011

### SCHEDULE "M" - INCOME

	[₹ in lacs]	
	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Sales & Pipe Coating Receipts	257,867.44	276,152.06
Other Income	9,122.05	4,913.44
	<b>266,989.49</b>	<b>281,065.51</b>

### SCHEDULE "N" - RAW MATERIALS AND STORES

	[₹ in lacs]	
	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Raw Materials Consumed		
Opening Stock of Raw materials	22,968.64	85,324.02
Add : Purchases of Raw Materials	249,755.69	144,229.07
	<b>272,724.33</b>	229,553.10
Less: Closing Stock of Raw Materials	36,358.37	22,968.65
Consumption of stores		
Opening Stock of Stores	5,154.31	5,240.69
Add: Purchase of Stores	4,515.31	4,119.47
	<b>9,669.62</b>	9,360.16
Less: Closing Stock of Stores	5,007.95	5,154.31
Change in Finished Goods & Work-in-Progress	(65931.37)	(2958.22)
	<b>175,096.26</b>	<b>207,832.08</b>

### SCHEDULE "O" - EMPLOYEE'S REMUNERATION & BENEFITS

	[₹ in lacs]	
	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
Salaries, Wages & Bonus	5,657.69	4,630.89
Staff Welfare	723.45	611.34
Contribution to Provident and other Funds	1,211.16	643.66
	<b>7,592.30</b>	<b>5,885.88</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS A/C  
FOR THE YEAR ENDED MARCH 31, 2011**

**SCHEDULE "P" – OTHER EXPENSES**

[₹ in lacs]

	<b>For the Year Ended March 31, 2011</b>	For the Year Ended March 31, 2010
Conveyance	<b>162.54</b>	65.33
Travelling Expenses	<b>378.37</b>	348.63
Postage, Telegram and Telephones	<b>124.69</b>	111.87
Printing and Stationery	<b>115.19</b>	103.36
Rent, Rates & Taxes	<b>970.10</b>	530.23
Electricity Charges	<b>85.02</b>	57.78
Professional Charges	<b>375.87</b>	145.12
Repair and Maintenance (Plant )	<b>46.11</b>	74.96
Repair and Maintenance (Building)	<b>16.13</b>	41.21
Repair and Maintenance (Others)	<b>379.74</b>	305.42
Insurance	<b>221.51</b>	196.21
Auditors' Remuneration	<b>25.00</b>	18.00
Vehicle Expenses	<b>196.02</b>	175.54
General Expenses	<b>2,018.36</b>	1,172.95
Agency Commission	<b>210.83</b>	35.32
Prepayment, Syndication, Processing Fees to Bank	<b>2,255.11</b>	1,613.15
Bank Charges	<b>2,783.76</b>	2,668.41
	<b>10,364.35</b>	7,663.51

## SCHEDULES "Q" NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

### 1. SIGNIFICANT ACCOUNTING POLICIES :

#### a. Method of Accounting

The Accounts have been prepared to comply in all material aspects with applicable principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956

#### b. Inventories

The Raw Materials, Stores and Spare Parts are valued at cost, which is arrived on FIFO basis. Work in progress, Semi Finished Goods and Finished Goods are valued at cost or at the net realisable value, whichever is lower. Cost of Inventories comprises of all costs of purchase (other than refundable duties and taxes) costs of conversion & other costs incurred in bringing the inventories to their present condition and location. Costs of Raw Materials, Packing Materials and Stores and Spares are determined by the average cost method. Cost of Work in Progress and Finished Goods Inventories are determined by the absorption costing method. Obsolete, defective, slow moving and unserviceable inventories are duly provided for.

#### c. Depreciation

Depreciation is provided from the date the assets have been installed and put to use on written down value method at the rates and in the manner prescribed by Schedule XIV of the Companies Act, 1956. Lease hold land is being amortised over the period of lease. Depreciation on additions to assets or on sale - discardment of assets, is calculated on pro-rata basis from the month of such addition or upto the month of such sale/discardment, as the case may be.

#### d. Research and Development Expenditure

Revenue Expenditure is charged to Profit & Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the year when it is incurred.

#### e. Revenue Recognition/Income

Revenue Income is recognised on accrual basis except where mentioned otherwise, in particular:

- i. Sales Revenue is recognised when it is earned and no significant uncertainty exist as to its realisation or collection. Sales are net of sales return and trade discounts. Rebate, claims and discounts are accounted for as and when determined. Deductions made have been reduced from the Sales where found necessary. Export sales are accounted on the basis of acceptance by the customers and on the basis of export bill of lading. Export sales are accounted as per the prevailing exchange rate on the date of transaction. Revenue from services is recognised on rendering of services.
- ii. Gross Sales include Excise Duty collection of ₹ 13946.47 lacs, Service Tax, Sales Tax and Freight charged in invoices.
- iii. The pipe coating income is recognised after inspection, approval by customers and after despatch.
- iv. Interest income is taken on accrual basis. Interest Income of ₹ 759.08 Lacs netted off against interest payment during the year. (Previous year interest income of ₹ 477.88 lacs netted off against interest payment) wherever applicable.
- v. Dividend income on investments are accounted for when the right to receive the payment is established.
- vi. Expenditure are accounted for on accrual basis and provisions are made for all known liabilities.

#### f. Treatment of expenditure during construction period

Expenditure in the case of new units and substantial expansion of existing units during the construction period is included in the work in progress and the same is allotted to the respective Fixed Assets on the completion of the construction.

#### g. Fixed Assets

- i. Fixed Assets are stated at cost of acquisition and installation. The cost includes Freight, Taxes and related incidental expenses less Cenvat Credit.
- ii. The Company has erected factory building sheds and installed plant and machinery on lease hold land. The Company had incurred some developmental expenditure which was earlier in CWIP on factory building, plant and on lease hold land which increase the future benefits from the existing assets beyond its previously assessed standard of performance i.e. increase in capacity, modernisation & upgradation.

#### h. Foreign Currency Transactions

- a. The company is exposed to currency Fluctuations on Foreign Currency transactions. With a view to minimize the volatility arising from fluctuations in the currency rates, the company follows established risk management policies including the use of exchange forward contracts and other derivative instruments.
- b. Foreign currency transactions are recorded at the exchange rate prevailing on the date of such transactions. Monetary Assets and Liabilities in Foreign Currency as at the Balance Sheet. Gains and losses arising on account of difference in foreign exchange rates on settlement / translation of monetary Assets and Liabilities are recognized in the Profit and Loss Account.
- c. In respect of forward contracts assigned to the Foreign Currency Assets as at the Balance Sheet date, the proportionate premium / discount for the period up to the date of Balance Sheet is recognized in the Profit and Loss Account. The exchange difference measured by the change rate between the inception of forward contract and date of Balance Sheet is applied on foreign Currency amount of the forward contract and is recognized in the Profit and Loss Account.

- ii. All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian currency at the appropriate rate of exchange prevailing on the date of Balance Sheet.
- iii. Balances in the form of Current Assets and Current Liabilities in Foreign Currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.

**i. Derivative Instruments**

I. The company has entered into the following derivative instruments:

- a. Forward Exchange contracts (being a derivative instrument), which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables. Forward Exchange Contracts entered into by the Company as on March 31, 2011 [8.861 USD (mn)]
- b. Interest Rate Swaps to hedge against fluctuations in interest rate changes :
 

No. of Contracts	:	NIL
Notional Principal	:	NIL
- c. Currency Swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate.
 

No. of Contracts	:	NIL
Notional Principal	:	NIL

II. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

Receivables/(Payables) (₹ in Lacs) 2010-11	Receivables/(Payables) In Foreign Currency (USD) 2010-11
(84217.89)	(188.61) mn

III. Derivative Instruments (causing an unhedged Foreign Currency exposure): NIL

**j. Investments**

- i. Investments are of long term nature and are stated at cost of acquisition, less any diminishing in the value other than temporary.
- ii. The investments in companies under the same management and its subsidiaries whose shares are unquoted are valued at cost. The Management is of the opinion that there is no diminishing value on these Investments.

**k. Employee Benefits**

**A. Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**B. Post-employment benefits**

(a) Defined contribution plans

Defined contribution plans are Provident Fund Scheme, Employee State Insurance Scheme and Government Administered Pension Fund Scheme for all employees and Superannuation Scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the Profit and Loss Account in the financial year to which they relate.

The Company makes specified monthly contributions towards Employee Provident Fund to the respective Regional Provident Fund Authority.

b) Defined Benefit Gratuity Plan

The Company operates a defined benefit Gratuity Plan for employees. The Company contributes the same to LIC towards meeting the Gratuity obligations.

**C. Other long term employee benefits**

Entitlements to annual leave and sick leave are recognised when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.



## Disclosure as per Accounting Standard - 15 (Revised 2005)

[₹ in lacs]

	2010-11	2009-10
<b>i) Defined Contribution Plan -</b>		
The Company has recognised the following amounts in the Profit and Loss accounts for the year		
Contribution to Employee Provident Fund - RPF	261.14	267.80
Contribution to Employee Provident Fund - Trust	NIL	NIL
Contribution to Pension Fund	147.10	128.88
Contribution to Superannuation Fund	172.08	166.37
	<b>580.32</b>	<b>563.05</b>
<b>ii) Defined Benefit Plan*</b>		
The following table set out the status of the Gratuity Plan		
(a) A reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO)		
Opening DBO	1,488.23	1,326.63
Current service cost	98.66	84.84
Interest cost	131.20	115.36
Actuarial gain/(loss)	NIL	NIL
Past Service Cost	NIL	NIL
Liabilities Extinguished on settlements	NIL	NIL
Benefits paid	127.78	22.81
Closing DBO	1,590.31	1,504.02
(b) A reconciliation of the Opening and Closing Balances of the fair value of plan assets		
Opening fair value of plan assets	1,092.98	963.93
Expected return	99.23	89.79
Actuarial gain/ (loss)	NIL	NIL
Contribution by the employer	60.38	62.07
Assets Distributed on Settlements	NIL	NIL
Benefits paid	127.78	22.81
Closing fair value of plan assets	1,124.81	1,092.98
(c) A reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the assets recognised in the Balance Sheet:		
Present value of the defined benefit obligation at the end of the period	1,590.31	1,504.02
Fair value of the plan assets at the end of the year	1,124.82	1,092.98
Liability recognised in the Balance Sheet	465.49	411.04
(d) The total expense recognised in the Profit and Loss account		
Current service cost	98.66	84.84
Interest Cost	130.69	115.36
Expected return on plan assets	(99.23)	(89.79)
Actuarial gains/(loss)	NIL	NIL
Past Service Cost	NIL	NIL
(Losses) Gains on "Curtailments & Settlements"	NIL	NIL
Net Gratuity cost	130.12	110.41
(e) For each major category of plan assets following is the percentage that each major category constitutes of the fair value of the total plan assets.		
LIC of India	100%	100%

**Disclosure as per Accounting Standard - 15 (Revised 2005) (Contd.)**

[₹ in lacs]

	2010-11	2009-10
(f) Actual return on plan assets	9.35%	9.32%
(g) Following are the Principal Actuarial Assumptions used as at the Balance Sheet date		
Discount Rate	8.00%	7.66%
Expected rates of return on any plan assets	9.35%	9.32%
Average Salary escalation rate for Non Management for Each Year	6.00%	5.33%
Average Salary escalation rate for Non Management Every Third Year		

The estimates of the future salary increases considered in Actuarial valuation take account of inflation, seniority promotion and other relevant factors.

\* Includes Contribution to Recognised Provident Fund Scheme, a defined benefit scheme in the absence of actuarial valuation for Provident Fund Liability. (Refer Note 1(i)(v) in Schedule 14).

iii) For the year ended March 31, 2011, provision for Employees Benefits amounting to ₹ 53.56 Lacs towards Leave Encashment has been made to SBI Life Insurance Co. Ltd., Mumbai. The actual liability as per actuarial valuation amounts to ₹ 135.60 Lacs.

**l. Borrowing Cost**

Interest & other Borrowing Costs on specific borrowings relating to the qualifying Assets are capitalised. Other Interests and Borrowing Costs are charged to Revenue.

**m. Cash Flow Statement**

The Cash Flow statement is prepared by the indirect method set out in Accounting Standard - 3 on Cash Flow Statement and presents Cash Flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consists of Cash in Hand and demand deposits with banks as on the Balance Sheet date.

**n. Provisions**

A provision is recognised when there is a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligations and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate.

**o. Segment Reporting**

The Group is engaged in the business of production of steel products which in the opinion of the management is considered the only business segment in the context of Accounting Standard - 17 on Segmental Reporting. Also, the Group does not consider any significant difference as regards the risks and returns of the product with reference to export and domestic sales. Therefore, Segment information as required by Accounting Standard - 17 is not applicable.

**p. Related Party and Key Management Personnel Disclosure**
**A. Name of the Party and the Relationship**
**a) Subsidiary Companies**

- |  |   |
|--|---|
| i. PSL Corrosion Control Services Ltd. | : 100% Subsidiary Company                                     |
| ii. Pipeline Systems Ltd., Mauritius   | : 100% Subsidiary Company                                     |
| iii. PSL USA INC., Delaware, USA       | : 100% Subsidiary Company                                     |
| iv. PSL Gas Distribution Pvt.Ltd.      | : 100% Subsidiary Company                                     |
| v. PSL Infrastructure & Ports Pvt.Ltd. | : 100% Subsidiary Company                                     |
| vi. PSL FZE, Sharjah.                  | : 100% Subsidiary Company of Pipeline Systems Ltd., Mauritius |
| vii. PSL North America LLC.            | : JV Company of PSL USA INC, Delaware, USA, (78% holding)     |

**b) Companies in which control exists directly / indirectly**

- BHI Ltd.
- Broken Hills International Ltd.
- Eurocoustic Products Ltd.
- Punj International Pvt. Ltd.
- Punj Investments Ltd.
- Punj Corporation Private Limited
- Rosoboronterra India Pvt.Ltd.  
(Subsidiary of Punj Corporation Pvt.Ltd.)

**c) Key Management Personnel**

- |              |                                |
|--------------|--------------------------------|
| Ashok Punj   | : Managing Director            |
| M. M. Mathur | : Director                     |
| R. K. Bahri  | : Director                     |
| G. S. Sauhta | : Director                     |
| D. N. Sehgal | : Director                     |
| S.P. Bhatia  | : Director                     |
| C. K. Goel   | : Director                     |
| G. Gehani    | : Director & Company Secretary |

**B. Nature of Transaction**

[₹ in lacs]

Sr.No.	Particulars	Key Personnel	Subsidiary	Companies in which control exists Directly / Indirectly
1	Purchase of Goods	Nil	Nil	37.26
2	Purchase of Capital Goods	Nil	Nil	0.32
3	Reimbursement of Expenses	Nil	308.51	187.46
4	Lease Rental	Nil	1.32	102.47
5	Remuneration	907.35	Nil	Nil

**q. Lease**

Operating lease payments are recognized as expenditure in the Profit and Loss Account on a straight-line basis, which is representative of the time pattern of benefits received from the use of assets taken on lease. Lease rentals in respect of operating lease are recognized as income over the lease period.

**r. Earning Per Share**

The Company reports basic and diluted Earnings Per Share in accordance with Accounting Standard 20 on Earning Per Share. Basic Earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted Earnings Per Share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

		2010-11	2009-10
Weighted average number of shares at the beginning and at the end of the year.	Nos	53,460,911	48,981,744
Net Profit after tax available for Equity Shareholders	(₹ in Lacs)	7571.06	8829.75
Basic Earnings per share	₹	14.16	18.03
Diluted Earnings per share	₹	14.16	17.82

**s. Management Estimates**

The preparation of Financial Statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Liabilities on the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and the differences between actual results and estimates are recognised in the periods in which the results are known / materialize.

**t. Accounting for Taxes on Income**

Income Tax are accounted for in accordance with Accounting Standard 22 on Accounting for taxes on income. Income tax comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid to / recovered from the revenue authorities, using applicable Tax Rates and laws. The company offsets advance payments and provisions for current tax and disclose the net amount it intends to settle and where it has a legally enforceable right to set off the recognised amount.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a Deferred Tax Assets or a Deferred Tax Liability. Deferred Tax Assets and Liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax regulations.

The carrying amount of Deferred Tax Assets at each Balance Sheet date is reduced to the extent that it is no longer reasonable certain that sufficient future taxable income will be available against which the Deferred Tax Assets can be realized.

	2010-11	2009-10
Deferred Tax Liabilities - Depreciation Differences	666.19	1,235.65
Deferred Tax Assets - Disallowances and others	83.05	169.95
Net Deferred Tax Liability / (Assets)	583.14	1,065.70

**u. Sundry Debtors/Loans & Advances**

Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any, which is not likely to be material, will be adjusted at the time of confirmation. Sundry Creditors for purchases includes ₹ 89707.07 Lacs being buyer's credit availed by the Company for the purchase of Raw Materials/ Capital Goods.

**v. Impairment of Assets:**

In the opinion of the company's Management, there is no impairment to the assets to which Accounting Standard 28 "Impairment of Assets" applied requiring any revenue recognition.

**w. Contingent liabilities**

Contingent liabilities as defined in Accounting Standard 29 are disclosed in the notes to accounts. Provisions is made if it became probable that an outflow of future economic benefits will be required for an item previously dealt with it as a contingent liability.

		(₹ in Lacs)	
		2010-11	2009-10
a)	Counter Guarantees Given by the Company for Bank Guarantees	<b>59,961.68</b>	88,423.60
b)	Other Guarantees Given by the Company on behalf of - Subsidiary Company [Includes Corporate Guarantee as Security for a Standby Letter of Credit (SBLC) given by a bank in USA amounting to ₹ 31,200 Lacs (equivalent to USD 78 mn) towards security for Tax Exempt Variable Rate Demand Revenue Bonds - Series 2007A and Taxable Variable Rate Demand Revenue Bonds - Series 2007B issued by Mississippi Business Finance Corporation USA on behalf of company's wholly owned subsidiary] - Others	<b>119,885.25</b>	76,963.70
		<b>1,987.84</b>	1,956.03
		<b>121,873.09</b>	78,919.73
c)	Letter of Credit Outstandings (Not yet Committed)	<b>65,767.35</b>	5,556.14
d)	Bills Discounting	<b>8092.28</b>	14808.76
e)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>3000.00</b>	3000.00
f)	(i) Income Tax Assessments Completed upto AY 2008-09 (March 2008), Demand raised by the Department amounting to ₹ 74.91 lacs is contested before CIT Appeal Mumbai. (ii) Appeals for the Assessment Year 2007-08 and 2006-07 is pending before ITAT, Mumbai (iii) The Department raised the demand of ₹ 700 Lacs for AY 2005-06 u/s 143(3) of the Act read with u/s 263 of the Act. Company has preferred an appeal before ITAT challenging the commissioner directive u/s 263 which is pending before the ITAT Mumbai.		
g)	Gujarat Water Supply & Sewerage Board (GWSSB), a Government of Gujarat Undertaking and a regular customer of the Company has made a reference to "Gujarat Public Works Contracts Disputes Arbitration Tribunal" for settlement of some disputes, including a claim against the Company arising out of a routine contract awarded earlier to the Company, the performance of which was hit by force majeure conditions. As company has since challenged the jurisdiction of aforesaid tribunal, the matter is pending. Hence at this stage no provision has been made in the attached accounts towards any possible liability on this account.		
h)	The renewal of leave & license admeasuring to 329216 Sqm (Area) of Kandla Port Trust is under progress before the competent authority.		
x.	<b>Impact of Issue of Foreign Currency Convertible Bonds (FCCB'S)</b>		

In September 2005 the Company had issued Zero Coupon Foreign Currency Convertible Bonds (FCCB'S) worth US \$40 Million. As per terms of issue, these Bonds which were listed on Singapore Stock Exchange were convertible into fully-paid and pari passu ranking equity shares of ₹ 10/- each at premium of ₹ 224.54 on or any day prior to 8<sup>th</sup> August, 2010. During the year, these bonds worth USD 2.5 Million being the pending face value of the bonds along with the eligible premium for five year were redeemed completely on 3<sup>rd</sup> September, 2010. Hence pending FCCB as on 31<sup>st</sup> March 2011 - "NIL".

## 2. LICENCED AND INSTALLED CAPACITY

Sr. No.	NAME	UNIT	2010-11	2009-10
1.	Spiral Arc Welded Pipes	Mt.	<b>14,00,000</b>	14,00,000
2.	Coating On Steel Pipes	Mtrs.	NA	NA
3.	Anode	Mt.	<b>1,500</b>	1,500
4.	Wire Mesh	Sqm.	<b>720,000</b>	720,000
5.	Outer Wrap	Sqm.	<b>2,500,000</b>	2,500,000
6.	Rebar Coating		NA	NA

## 3. PRODUCTION, OPENING AND CLOSING STOCK

Sr. No.	NAME	UNIT	PRODUCTION		OPENING STOCK		CLOSING STOCK	
			Quantity 2010-11	Quantity 2009-10	Quantity 2010-11	Quantity 2009-10	Quantity 2010-11	Quantity 2009-10
1.	HSAW Pipes	Mt.	<b>398451.116</b>	334998.108	<b>28021.232</b>	15477.318	<b>43432.856</b>	28021.232
2.	Coating on Steel Pipes/Jobs	Mtrs.	<b>Turnkey Jobs</b>	Turnkey Jobs	<b>Turnkey Jobs</b>	Turnkey Jobs	<b>Turnkey Job</b>	Turnkey Jobs
3.	Anodes	Kgs.	<b>55,050.770</b>	314,269.730	<b>17,408.260</b>	NIL	<b>198.000</b>	17,408.260
4.	Wire Mesh	Sqm.	NIL	NIL	NIL	74.550	NIL	74.550
5.	Outer Wrap	Sqm.	NIL	47,351.250	<b>512.000</b>	2,723.250	<b>512.000</b>	512.000



## 4. SALES TURNOVER &amp; COATING JOBS

(₹ in lacs)

Sr. No.	NAME	Unit	2010-11		2009-10	
			Quantity	Value	Quantity	Value
1.	HSAW Pipes	M.T	383,039.492	165,588.83	322,454.194	181,657.44
2.	Coating on Steel Pipes/ Jobs Rebar Coating Project Equipment Divn (Daman)	—	—	83,269.15 2,800.33 4,599.72	—	87,397.16 2,390.68 1,360.03
3.	Anodes	Kgs.	72,261.030	79.06	296,861.470	552.41
4.	Induction Bending	—	—	1,530.35	—	1,744.13
5.	Wire Mesh	Sqm.	—	Captive Consumption	—	Captive Consumption
6.	Outer Wrap	Sqm.	—	Captive Consumption	49,562.500	Captive Consumption
7.	Others	—	—	—	—	1,050.21
				257,867.44		276,152.06

## 5. RAW MATERIAL CONSUMPTION

(₹ in lacs)

Sr. No.	NAME	Unit	2010-11		2009-10	
			Quantity	Value	Quantity	Value
1.	H. R. Coil	Mt.	421,439.58	161,858.25	328,348.33	149,023.12
2.	Flux	Mt.	1,837.49	1,305.95	1,192.04	808.07
3.	Filler Wire	Mt.	1,479.88	956.99	1,106.89	899.36
4.	Epoxy Powder	Mt.	1,440.09	2,929.69	1,158.78	2,148.56
5.	Adhesive	Mt.	369.99	526.05	788.11	1,237.94
6.	Polyethylene	Mt.	6,267.62	4,719.15	12,679.20	9,553.72
7.	Inner Wrap	Sqm.	1,676,380.34	163.28	1,032,377.62	96.51
8.	Outer Wrap	Sqm.	860,747.21	299.41	551,194.46	201.08
9.	Coal Tar Enamel	Mt.	7,431.45	1,705.22	4,348.61	1,047.53
10.	Polyethylene Tape	Sqm.	192,787.50	270.61	323,570.70	375.73
11.	Wire Mesh	Sqm.	438,573.18	298.12	401,899.13	315.97
12.	Cement	Mt.	12,586.95	445.63	12,194.65	434.07
13.	Sand	Mt.	15,828.34	100.90	18,753.65	47.94
14.	Iron Ore	Mt.	28,012.23	1,204.97	26,654.64	684.17
15.	Aluminum	Kgs.	51,485.24	51.72	312,684.00	323.76
16.	Zinc	Kgs.	2,999.20	3.08	21,969.29	24.50
17.	Coating Materials and others			59,526.94		39,362.43
			TOTAL:	236,365.96	TOTAL:	206,584.45
18.	Stores & Consumables			4,661.67		4,205.85
				241,027.63		210,790.30

(₹ in lacs)

	2010-11	2009-10
6. VALUE OF IMPORTS (CIF)		
Raw Materials	106,381.36	9,377.17
Stores	269.18	1,959.37
7. EXPENDITURE IN FOREIGN CURRENCY		
Travelling Expenses	119.81	176.41
Agency Commission & Others	98.99	9.96
8. EARNING IN FOREIGN CURRENCY		
Pipe Sales & Pipe coating Receipts(FOB)	46,352.45	14,326.63

(₹ in lacs)

	2010-11	2009-10
<b>9. VALUE OF CONSUMPTION OF RAW MATERIALS</b>		
Imported	<b>104,055.66</b>	67,575.91
Indigenous	<b>132,310.30</b>	139,008.54
<b>10. VALUE OF CONSUMPTION OF STORES</b>		
Imported	<b>526.32</b>	972.29
Indigenous	<b>4,135.35</b>	3,233.56
<b>11. DIRECTORS' REMUNERATION</b>		
Salary, Allowances & Perquisites	<b>792.17</b>	737.65
Contribution to Provident Fund and Others	<b>116.19</b>	102.97
<b>12. AUDITORS' REMUNERATION</b>		
For Statutory Audit	<b>18.00</b>	13.00
For Tax Audit	<b>3.00</b>	2.00
For Tax Matters	<b>1.00</b>	0.75
For Other Services	<b>2.00</b>	1.50
For out of Pocket Expenses	<b>1.00</b>	0.75
13. Loans & Advances Includes Amount Receivable from Companies under Same Management ₹ 780.24 Lacs (Previous Year ₹ 605.25 Lacs).		
14. The Company is in the process of identifying the Suppliers who are Small Scale Industries & Undertaking. The amount due to them has not been quantified during the year.		
15. In the opinion of the Board the Current Assets are approximately of the value, if realised, in the ordinary course of the business. The Provision for Depreciation and for all known Liabilities are adequate and not in excess of the amount reasonably considered necessary. All the Income Accrued has been accounted for in the Books.		
16. Schedules A to Q forming an integral part of the Balance Sheet and Profit and Loss Account are duly authenticated.		
17. The Previous Year figures have been Re-grouped/Rearranged wherever necessary to confirm the Current Year Classification.		

As per our report attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**(SURESH C. MATHUR)**  
Partner  
M.No. 1276

**K. RAMANATHAN**  
Chief Finance Officer

**ALOK PUNJ**  
**G.S. SAUHTA**  
**D.N. SEHGAL**  
**S.P. BHATIA**  
**G. GEHANI** (Director & Co. Secretary)

**ASHOK PUNJ**  
**M.M. MATHUR**  
**R.K. BAHRI**  
**C.K. GOEL**

Directors

Place: Mumbai  
Date: 24<sup>th</sup> June, 2011



**CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2011  
(PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGES)**

(₹ in lacs)

Particulars	2010-11	2009-10
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extra-ordinary Items	10471.07	11729.74
<b>ADJUSTED FOR</b>		
Add : Depreciation	11679.56	6634.81
Interest (Net)	14144.73	10420.83
Preliminary Expenses Written off	NIL	NIL
Technical Knowhow Written off	NIL	NIL
Less: Bad Debts Provision	(120.00)	NIL
Less: Profit on Sale of Fixed Assets	27.65	(0.38)
Add : Loss on Investments	NIL	NIL
Less: Dividend Income	7.50	NIL
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>36140.21</b>	<b>28785.76</b>
<b>Changes in</b>		
Trade Receivables	(5594.86)	1857.40
Inventories	(79174.73)	59483.54
Trade Payables	95949.58	(171250.38)
Loans and Advances	15051.02	(10246.74)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>62371.22</b>	<b>(91370.42)</b>
Tax Paid/Payables/Advance Tax	(3769.50)	(3707.47)
Technical Know How Fees	NIL	NIL
<b>NET CASH FROM OPERATING ACTIVITIES [A]</b>	<b>58601.72</b>	<b>(95077.89)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	4.76	6.67
Profit on Sale of Assets	27.65	(0.38)
Interest Received	759.08	477.88
Dividend Received	7.50	NIL
Sale/ (Purchase) of Investments	(48.20)	(8.90)
Purchase of Fixed Assets	(15325.08)	(41129.23)
<b>NET CASH USED IN INVESTING ACTIVITIES [B]</b>	<b>(14574.29)</b>	<b>(40653.96)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Issue of Shares including Share Premium	1.98	14931.86
FCCB Redumption	(855.75)	NIL
Interest Paid	(14903.81)	(10898.71)
Loans Received/Re-Payments (Net)	(15900.59)	131601.72
Dividend Paid	(3728.64)	(1245.52)
<b>NET CASH USED IN FINANCING ACTIVITIES [C]</b>	<b>(35386.81)</b>	<b>134389.35</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS [A+B+C]</b>	<b>8640.62</b>	<b>(1342.50)</b>
CASH AND CASH EQUIVALENT - OPENING [I]	10719.36	12061.86
CASH AND CASH EQUIVALENT - CLOSING [II-I]	19359.98	10719.36

As per our report attached  
For Suresh C. Mathur & Co.  
Chartered Accountants  
**(SURESH C. MATHUR)**  
Partner  
M.No. 1276

**K. RAMANATHAN**  
Chief Finance Officer

**ALOK PUNJ**  
**G.S. SAUHTA**  
**D.N. SEHGAL**  
**S.P. BHATIA**  
**G. GEHANI** (Director & Co. Secretary)

**ASHOK PUNJ**  
**M.M. MATHUR**  
**R.K. BAHRI**  
**C.K. GOEL**

For and on behalf of the Board of Directors

Directors

Place: Mumbai  
Date: 24<sup>th</sup> June, 2011

**Auditors' Certificate**

We have verified the above Cash flow Statement of PSL Limited derived from the Audited Financial Statements for the year ended March 31, 2011 and found the same is drawn in accordance therewith and also with the requirements of clause 32 of the Listing Agreements with Stock Exchange.

For Suresh C. Mathur & Co.  
Chartered Accountants

Place: Mumbai  
Date : 24<sup>th</sup> June, 2011

Sd/-  
**Suresh C. Mathur**  
Partner  
M. No. 1276

## Balance Sheet Abstract & Company's General Business Profile

### 1. REGISTRATION DETAILS

Registration No.	0 0 2 3 9 5	State Code	5 6
Balance Sheet Date	3 1 - 0 3 - 1 1		

### 2. CAPITAL RAISED DURING THE PERIOD (₹ in lacs)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

### 3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ in lacs)

Total Liabilities	2 6 7 4 3 5 . 4 6	Total Assets	2 6 7 4 3 5 . 4 6
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#### Sources of Funds

Paid-up Capital	5 3 3 3 . 3 8	Reserves & Surplus	8 3 7 0 8 . 7 3
Secured Loans	1 5 2 8 1 0 . 2 1	Unsecured Loans	2 5 0 0 0 . 0 0
Deferred Taxation Liability	5 8 3 . 1 4		

#### Application of Funds

Net Fixed Assets	1 0 6 5 6 8 . 1 8	Investments	2 0 2 9 1 . 5 7
Net Current Assets	1 4 0 5 7 5 . 7 1	Misc. Expenditure	N I L
Accumulated Losses	N I L		

### 4. PERFORMANCE OF COMPANY (₹ in lacs)

Turnover	2 6 6 9 8 9 . 4 9	Total Expenditure	2 5 6 5 1 8 . 4 2
Profit Before Tax	1 0 4 7 1 . 0 7	Profit After Tax	7 5 7 1 . 0 7
Earning per Share (in Rupees)	1 4 . 1 6	Dividend Rate	4 0 % #

### 5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

(as per Monetary terms)

NIC Code No.	3 3 1 9	Product Description :	OTHER TUBES, PIPES AND HOLLOW PROFILES IN SPIRAL OR STRAIGHT WELDED SEAM OF DIA 300 MM & ABOVE AND MADE OUT OF IRON STEEL OF ALL TYPE
NIC Code No.	3 4 5 0	Product Description :	EXTERNAL AND INTERNAL COATING OF LINE PIPES
NIC Code No.	3 4 5 0	Product Description :	ANTI-CORROSION COATINGS OF RE-ENFORCED REBARS

# 20% paid in March 2011 and 20% is subject to Shareholders' Approval





**Consolidated Auditors' Report  
Consolidated Balance Sheet  
Consolidated Profit & Loss Account  
Consolidated Schedules  
Consolidated Cash Flow Statement**



## CONSOLIDATED AUDITORS' REPORT

To  
The Members of PSL Limited

We have audited the attached Consolidated Balance Sheet of PSL Limited (the company) and its subsidiaries as at 31st March, 2011 and the Consolidated Profit and Loss Account for the year then ended annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. 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.

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

We did not audit the financial statements of PSL FZE (step down subsidiary of PSL Limited), PSL USA Inc. (100% subsidiary of PSL Limited) and PSL North America LLC (78% JV Company of PSL USA INC.). These Financial Statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated Financial Statements have been prepared by the Company in accordance with the requirements

of Accounting Standard (AS) 21 on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate Audited Financial Statements of the Company and its subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on subsidiary, we are of the opinion that the said Consolidated Financial Statements 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 subsidiary as at 31st March, 2011;
- b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary for the year then ended; and
- c) In the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Company and its subsidiary for the year then ended.

For Suresh C. Mathur & Co.  
Chartered Accountants

Sd/-  
Suresh C. Mathur  
Partner

Place : Mumbai  
Date : 24<sup>th</sup> June, 2011

Membership No: 1276

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

		[₹ in lacs]			
	Schedule	As at March 31, 2011		As at March 31, 2010	
<b>SOURCE OF FUNDS</b>					
<b>SHARE HOLDERS' FUNDS</b>					
Share Capital	A	5,333.38		5,333.20	
Reserves & Surplus	B	<u>89,118.76</u>	<u>94,452.14</u>	<u>86,726.03</u>	92,059.23
<b>LOAN FUNDS</b>					
Secured Loans	C	203,169.11		245,211.19	
Unsecured Loans	D	<u>25,000.00</u>	<u>228,169.11</u>	<u>6,128.50</u>	251,339.69
<b>Minority Interest</b>			<b>1,407.32</b>		2,155.20
<b>Deferred Taxation Liability</b>			<b>(1611.31)</b>		(340.64)
<b>Total</b>			<u><b>322,417.26</b></u>		<u>345,213.48</u>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block (At cost)	E	203,309.42		179,327.61	
Less: Depreciation		<u>59,302.01</u>		<u>42,925.33</u>	
Net Block		144,007.41		136,402.28	
Add: Capital Work-in-Progress		<u>21,200.45</u>	<u>165,207.86</u>	<u>23,710.83</u>	160,113.11
<b>INVESTMENTS</b>	F		<b>459.28</b>		450.08
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	G	201,694.32		172,614.22	
Sundry Debtors	H	52,964.17		51,520.31	
Cash and Bank Balances	I	25,942.27		28,051.88	
Loans and Advances	J	<u>51,350.71</u>		<u>65,211.95</u>	
		<u>331,951.47</u>		<u>317,398.36</u>	
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	K	169,102.56		126,361.34	
Provisions	L	<u>6,107.78</u>		<u>6,386.73</u>	
		<u>175,210.34</u>		<u>132,748.07</u>	
<b>NET CURRENT ASSETS</b>			<b>156,741.14</b>		184,650.29
<b>MISCELLANEOUS EXPENDITURE</b>	M		<b>8.98</b>		NIL
<b>TOTAL</b>			<u><b>322,417.26</b></u>		<u>345,213.48</u>
<b>NOTES TO ACCOUNTS</b>	R				

As per our report attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**(SURESH C. MATHUR)**  
Partner  
M.No. 1276

**K. RAMANATHAN**  
Chief Finance Officer

**ALOK PUNJ**  
**G.S. SAUHTA**  
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**G. GEHANI** (Director & Co. Secretary)

**ASHOK PUNJ**  
**M.M. MATHUR**  
**R.K. BAHRI**  
**C.K. GOEL**

Directors

Place: Mumbai  
Date: 24<sup>th</sup> June, 2011

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

[₹ in lacs]

	Schedule	For the Year Ended March 31, 2011		For the Year Ended March 31, 2010	
<b>INCOME</b>	<b>N</b>	<b>322,229.09</b>		<b>399,353.96</b>	
		<b>322,229.09</b>		<b>399,353.96</b>	
<b>EXPENDITURE</b>					
Raw Materials and Stores	<b>O</b>	<b>222,867.88</b>		315,012.01	
Excise Duties and Taxes		<b>20,058.02</b>		17,213.73	
Manufacturing & Process Expenses (includes freight)		<b>18,699.39</b>		14,470.75	
Employees Remuneration & Benefits	<b>P</b>	<b>8,682.09</b>		7,259.34	
Bad Debts written off		<b>120.00</b>		NIL	
Other Expenses	<b>Q</b>	<b>13,532.99</b>		9,889.18	
Interest on Term Loans & Overdrafts		<b>15,284.67</b>		11,692.76	
Depreciation		<b>14,260.65</b>	<b>313,505.69</b>	8,160.57	383,698.34
<b>PROFIT BEFORE TAXATION</b>		<b>8,723.39</b>		<b>15,655.62</b>	
Less: Provision for Taxation					
Current Tax		<b>3,966.56</b>		2,366.82	
Deferred Tax		<b>(482.56)</b>	<b>3,484.00</b>	1,023.18	3,390.00
<b>PROFIT AFTER TAXATION</b>		<b>5,239.39</b>		<b>12,265.62</b>	
Less :					
Transfer to General Reserve		<b>877.79</b>		986.16	
Interim Dividend		<b>1,065.94</b>		NIL	
Proposed Dividend		<b>1,066.68</b>		2,131.62	
Tax on Proposed Dividend		<b>173.09</b>		354.04	
Tax on Interim Dividend		<b>177.04</b>		NIL	
Share of loss- (Minority Interest)		<b>(747.88)</b>		NIL	
Prior Year Expenses (Income Tax)		<b>(988.26)</b>	<b>1,624.38</b>	289.24	3,761.06
<b>BALANCE CARRIED OVER TO BALANCE SHEET</b>		<b>3,615.01</b>		<b>8,504.56</b>	
EARNINGS PER SHARE (BASIC)		₹	<b>9.80</b>		25.04
(Face Value ₹10/- each)					
EARNINGS PER SHARE (DILUTED)		₹	<b>9.80</b>		24.75
(Face Value ₹10/- each)					
<b>NOTES TO ACCOUNTS</b>	<b>R</b>				

As per our report attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**(SURESH C. MATHUR)**  
Partner  
M.No. 1276

**K. RAMANATHAN**  
Chief Finance Officer

**ALOK PUNJ**  
**G.S. SAUHTA**  
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**G. GEHANI** (Director & Co. Secretary)

**ASHOK PUNJ**  
**M.M. MATHUR**  
**R.K. BAHRI**  
**C.K. GOEL**

Directors

Place: Mumbai  
Date: 24<sup>th</sup> June, 2011



**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**
**SCHEDULE "A" – SHARE CAPITAL**

[₹ in lacs]

	As at March 31, 2011	As at March 31, 2010
<b>Authorised :</b>		
<b>100,000,000 EQUITY SHARES OF ₹ 10/- Each</b>	<b>10,000.00</b>	10,000.00
<b>A. Issued &amp; Subscribed</b>		
5,34,60,911 Equity Shares of ₹ 10/- each	<b>5,346.09</b>	5,346.09
<b>B. Paid up Capital</b>		
5,34,60,911 Equity Shares of ₹ 10/- each	<b>5,346.09</b>	5,346.09
Less: Allotment Money in Arrears Pertaining to the Shares Allotted Prior to Merger (Directors Nil)	<b>12.71</b>	12.89
	<b>5,333.38</b>	5,333.20

**SCHEDULE "B" – RESERVES AND SURPLUS**

[₹ in lacs]

	As at March 31, 2011	As at March 31, 2010
<b>A. General Reserve</b>		
As per Last Balance Sheet	<b>6,661.73</b>	5,687.86
Less: Investment in Subsidiary Companies	<b>12.29</b>	12.29
Add: Transfer from Profit & Loss Account	<b>877.79</b>	986.16
	<b>7,527.23</b>	6,661.73
<b>B. Security Premium</b>		
As per Last Balance Sheet	<b>42,948.86</b>	29,092.11
Add: Additions during the year	<b>NIL</b>	13,856.75
Add: Excess provision of FCCB redemption premium written back	<b>272.75</b>	NIL
	<b>43,221.61</b>	42,948.86
Less: Allotment Money in Arrears (Directors-Nil)	<b>94.03</b>	95.83
Foreign Exchange Difference on consolidation	<b>(46.68)</b>	2,315.66
<b>C. Investment Allowance Utilised Reserve</b>		
As Per Last Balance Sheet	<b>139.64</b>	139.64
<b>D. Profit and Loss Account</b>		
As per last Balance Sheet	<b>34,755.97</b>	26,242.97
Add: Transfer during the year	<b>3,615.01</b>	8,513.00
	<b>38,370.98</b>	34,755.97
	<b>89,118.76</b>	86,726.03

**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**
**SCHEDULE “C” – SECURED LOANS**

[₹ in lacs]

	As at March 31, 2011	As at March 31, 2010
<b>A. Term Loan from Financial Institutions , Banks and Non Banking Financial Institutions</b>	<b>40,402.00</b>	41,105.47
[Secured against First Charge on pari passu basis on some of the Immovable & Moveable Assets of the Company]		
<b>B. Working Capital Term Loan from Scheduled Banks</b>	<b>18,000.00</b>	22,570.00
[Secured against First Charge on pari passu basis on some of the Immovable & Moveable Assets of the Company]		
<b>C. From Scheduled Banks</b>	<b>110,253.86</b>	147,101.64
[Secured against hypothecation of Current Assets and second charge on the assets as per (A & B) above]		
<b>D. From Scheduled Banks</b>	<b>5.71</b>	22.26
[Motor Vehicle Loans]		
<b>E. Tax Exempt Variable Rate Demand Revenue</b>		
Bonds 2007A issued by Mississippi Business Corp. USA	<b>30,545.60</b>	30,695.20
<b>F. Taxable Variable Rate Demand Revenue</b>		
Bonds 2007B issued by Mississippi Business Corp. USA (Both secured by SBLC issued by a Bank)	<b>3,961.94</b>	3,716.62
	<b>203,169.11</b>	245,211.19

**SCHEDULE “D” – UNSECURED LOANS**

[₹ in lacs]

	As at March 31, 2011	As at March 31, 2010
Foreign Currency Convertible Bonds	NIL	1,128.50
From Scheduled Banks	<b>25,000.00</b>	5,000.00
	<b>25,000.00</b>	6,128.50

**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**  
**SCHEDULE "E" – FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at April 1, 2010	Additions during the year	Deductions during the year	Adjustments/ Transfer	As at March 31, 2011	Upto April 1, 2010	Depreciation for the Year	Depreciation Reserve	Adjustments/ Transfer	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Free Hold Land	5,681.96	NIL	NIL	NIL	5,681.96	NIL	NIL	NIL	NIL	NIL	5,681.96	5,681.96
Lease Hold Land	44.58	NIL	NIL	NIL	44.58	17.99	1.49	NIL	NIL	19.48	25.10	26.59
Office Buildings	204.53	NIL	NIL	NIL	204.53	27.46	8.86	NIL	NIL	36.31	168.22	177.07
Factory Buildings	36,002.70	421.74	NIL	NIL	36,424.44	5,573.30	1,205.71	NIL	NIL	6,779.01	29,645.43	30,429.40
Furniture and Fixtures	638.64	19.87	NIL	NIL	658.51	366.44	49.34	NIL	NIL	415.78	242.73	272.20
Plant and Machinery	127,335.94	30,288.36	625.12	6,210.42	150,788.76	31,096.06	12,378.79	10.09	2,207.69	45,672.44	105,116.32	96,239.88
Office Equipment	451.68	23.70	NIL	NIL	475.38	271.83	26.49	NIL	NIL	298.32	177.06	179.85
Lab Equipments	802.29	16.20	NIL	NIL	818.49	354.14	63.63	NIL	NIL	417.77	400.72	448.14
Computers	474.29	25.02	NIL	NIL	499.31	398.01	33.89	NIL	NIL	431.90	67.41	76.28
Motor Cars	1,400.66	97.89	87.01	NIL	1,411.54	877.04	138.19	81.56	NIL	933.68	477.85	523.62
Commercial Vehicles	105.10	NIL	NIL	NIL	105.10	103.10	0.59	NIL	NIL	103.69	1.41	2.00
Cycles	0.29	NIL	NIL	NIL	0.29	0.20	0.02	NIL	NIL	0.22	0.07	0.09
Earth Moving Equipments	3,874.35	11.57	NIL	NIL	3,885.92	3,105.90	178.26	NIL	NIL	3,284.16	601.76	768.45
Shed Construction	2,310.60	NIL	NIL	NIL	2,310.60	733.85	175.39	NIL	NIL	909.24	1,401.36	1,576.75
<b>T O T A L</b>	<b>179,327.61</b>	<b>30,904.36</b>	<b>712.13</b>	<b>6,210.42</b>	<b>203,309.42</b>	<b>42,925.33</b>	<b>14,260.65</b>	<b>91.65</b>	<b>2,207.69</b>	<b>59,302.01</b>	<b>144,007.40</b>	<b>136,402.28</b>
Total (Previous Year)	127,202.09	52,144.68	19.16	NIL	179,327.61	34,776.05	8,160.57	11.29	NIL	42,925.33	136,402.28	92,426.04

[₹ in lacs]

**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**
**SCHEDULE “F” – INVESTMENTS**

[₹ in lacs]

	As at March 31, 2011		As at March 31, 2010	
<b>UNQUOTED (FULLY PAID UP) AT COST</b>				
<b>(I) LONG TERM INVESTMENTS :</b>				
<b>COMPANY UNDER SAME MANAGEMENT</b>				
a) 1470000 Equity Shares of ₹ 10/- each of BHI LTD. (Previous year 1470000 Equity Shares)	<b>147.00</b>		147.00	
b) 150000 Equity Shares of ₹ 10/- each of Punj International Pvt. Ltd. (Previous Year 150000 Equity Shares)	<b>15.00</b>		15.00	
c) 7500 Equity Shares of ₹ 10/- each of Broken Hills International Ltd (Previous year 7500 Equity Shares)	<b>0.75</b>		0.75	
d) 2000 Equity Shares of ₹ 100/- each of Punj Investments Pvt Ltd (Previous year 2000 Equity Shares)	<b>2.00</b>		2.00	
e) 860000 Equity Shares of ₹ 10/- each of Eurocoustic Products Ltd. (Previous Year 860000 Equity Shares)	<b>86.00</b>		86.00	
f) 100000 Equity Shares of ₹ 10/- each of Savvy Consultants Pvt.Ltd. (Previous Year 100000 Equity Shares)	<b>10.00</b>		10.00	
g) 184000 Equity Shares of ₹ 10/- each of Punj Corporation Pvt.Ltd. (Previous Year 92000 Equity Shares)	<b>18.40</b>	<b>279.15</b>	9.20	269.95
<b>(II) OTHERS</b>				
a) 128 Shares of ₹ 100/-each in The Gandhidham Mercantile Co-Op Bank Ltd. (Previous year - 128 Shares)	<b>0.13</b>		0.13	
b) SBI Capital Protection Oriented Fund (Mutual Fund)	<b>175.00</b>		175.00	
c) AXIS Equity Fund (Mutual Fund)	<b>15.00</b>	<b>190.13</b>	15.00	190.13
		<b>469.28</b>		460.08
Less: Provision for diminution in value of Investments [Savvy Consultants Pvt.Ltd.]		<b>10.00</b>		10.00
		<b>459.28</b>		450.08

**SCHEDULE “G” – INVENTORIES**

[₹ in lacs]

	As at March 31, 2011		As at March 31, 2010	
<b>(Certified by the Management)</b>				
Raw Materials, Consumables, Semi-finished goods & Work in progress	<b>178,954.21</b>		157,691.14	
Finished Goods	<b>22,740.11</b>		14,923.08	
		<b>201,694.32</b>		172,614.22

**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**
**SCHEDULE "H" – SUNDRY DEBTORS**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
<b>(Unsecured but Considered Good)</b>		
Debts outstanding for a period of less than six months	<b>46,375.10</b>	45,360.18
Debts outstanding for a period of more than six months	<b>6,589.07</b>	6,160.13
	<b>52,964.17</b>	51,520.31

**SCHEDULE "I" – CASH AND BANK BALANCES**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
Cash in Hand	<b>83.15</b>	56.00
In Current Account with Scheduled Banks	<b>10,291.27</b>	16,755.13
In Deposit Account with Scheduled Banks (Includes ₹ 6873.07 Lacs Under Lien to the Bank for facilities availed) (Previous year ₹ 5739.01 Lacs under lien)	<b>15,567.85</b>	11,240.75
	<b>25,942.27</b>	28,051.88

**SCHEDULE "J" – LOANS AND ADVANCES**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
<b>(Unsecured but Considered Good)</b>		
Security Deposit	<b>38,136.94</b>	37,263.04
Advance recoverable in cash or in kind or for the value to be received (include advances of expenses to companies in which some directors are interested)	<b>8,812.78</b>	25,470.84
Advance Payment against taxes	<b>4,400.99</b>	2,478.06
	<b>51,350.71</b>	65,211.95

**SCHEDULE "K" – CURRENT LIABILITIES**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
Sundry Creditors for Purchases	<b>147,924.41</b>	59,619.25
Other Current Liabilities	<b>19,735.63</b>	62,703.38
Mobilization Advance	<b>1,442.52</b>	4,038.70
	<b>169,102.56</b>	126,361.34

**SCHEDULE "L" – PROVISIONS**

	[₹ in lacs]	
	As at March 31, 2011	As at March 31, 2010
Provision for Taxation - Current Tax	<b>4,868.01</b>	3,118.82
Provision for Redemption of FCCB	<b>NIL</b>	782.25
Proposed Dividend	<b>1,066.68</b>	2,131.62
Tax on Proposed Dividend	<b>173.09</b>	354.04
	<b>6,107.78</b>	6,386.73



**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**
**SCHEDULE "M" – MISCELLANEOUS EXPENDITURE**

[₹ in lacs]

	As at March 31, 2011		As at March 31, 2010	
Preliminary Expenses	<b>8.87</b>		NIL	
(To the extent not written off)				
Less : Written off during the year	<b>NIL</b>	<b>8.87</b>	NIL	NIL
Pre- operative Expenses	<b>0.11</b>		NIL	
Less : Written off during the year	<b>NIL</b>	<b>0.11</b>	NIL	NIL
		<b>8.98</b>		NIL

**CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT AND LOSS A/C  
FOR THE YEAR ENDED MARCH 31, 2011**
**SCHEDULE "N" – INCOME**

[₹ in lacs]

	For the Year Ended March 31, 2011		For the Year Ended March 31, 2010	
Sales & Pipe Coating Receipts	<b>311,574.41</b>		394,105.35	
Other Income	<b>10,654.68</b>		5,248.61	
	<b>322,229.09</b>		<b>399,353.96</b>	

**SCHEDULE "O" – RAW MATERIALS AND STORES**

[₹ in lacs]

	For the Year Ended March 31, 2011		For the Year Ended March 31, 2010	
Raw Materials Consumed				
Opening Stock of Raw materials	<b>27,405.32</b>		98,349.37	
Add : Purchases of Raw Materials	<b>293,985.38</b>		259,235.32	
	<b>321,390.70</b>		357,584.69	
Less: Closing Stock of Raw Materials	<b>37,516.34</b>	<b>283,874.36</b>	58,142.87	299,441.82
Consumption of stores				
Opening Stock of Stores	<b>5,504.84</b>		5,563.46	
Add: Purchase of Stores	<b>5,050.14</b>		32,633.75	
	<b>10,554.98</b>		38,197.21	
Less: Closing Stock of Stores	<b>5,354.28</b>	<b>5,200.70</b>	21,890.40	16,306.81
Change in Finished Goods & Work-in-Progress		<b>(66207.18)</b>		(736.62)
		<b>222,867.88</b>		315,012.01

**SCHEDULE "P" – EMPLOYEES' REMUNERATION & BENEFITS**

[₹ in lacs]

	For the Year Ended March 31, 2011		For the Year Ended March 31, 2010	
Salaries, Wages & Bonus	<b>6,695.79</b>		5,939.10	
Staff Welfare	<b>775.14</b>		676.58	
Contribution to Provident and other Funds	<b>1,211.16</b>		643.66	
	<b>8,682.09</b>		<b>7,259.34</b>	

**CONSOLIDATED SCHEDULES FORMING PART OF PROFIT AND LOSS A/C  
FOR THE YEAR ENDED MARCH 31, 2011**

**SCHEDULE "Q" – OTHER EXPENSES**

	<b>For the Year Ended March 31, 2011</b>	For the Year Ended March 31, 2010
		[₹ in lacs]
Conveyance	<b>169.82</b>	71.42
Travelling Expenses	<b>527.69</b>	583.97
Postage, Telegram and Telephones	<b>143.88</b>	131.13
Printing and Stationery	<b>134.35</b>	123.59
Rent, Rates & Taxes	<b>2,235.97</b>	838.78
Electricity Charges	<b>86.28</b>	59.06
Professional Charges	<b>804.59</b>	262.55
Repair and Maintenance (Plant )	<b>51.04</b>	93.92
Repair and Maintenance (Building)	<b>66.01</b>	61.77
Repair and Maintenance (Others)	<b>381.47</b>	321.42
Insurance	<b>268.01</b>	239.80
Auditors' Remuneration	<b>33.85</b>	21.46
Vehicle Expenses	<b>228.75</b>	213.18
General Expenses	<b>2,435.65</b>	1,515.01
Agency Commission	<b>210.83</b>	375.55
Prepayment, Syndication, Processing Fees to Bank	<b>2,255.11</b>	1,613.15
Franchise & Other Charges	<b>NIL</b>	25.88
Bank Charges	<b>3,499.70</b>	3,337.54
	<b>13,532.99</b>	9,889.20

## SCHEDULE "R" - CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

### 1. SIGNIFICANT ACCOUNTING POLICIES :

#### a. Method of Accounting

The accounts have been prepared to comply in all material aspects with applicable principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956

#### b. Principles of Consolidation

The consolidated financial statements have been prepared on the following basis :

- (i) The consolidated financial statements have been prepared in accordance with the accounting standards 21 (AS 21) - "Consolidated Financial Statements", Accounting Standard 23 (AS-23) - "Accounting for investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (ii) In the case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All Assets and Liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserves and in case of loss the same is charged to Profit and Loss account.
- (iii) All subsidiaries of the Company are subsidiaries since inception of their business activities. Hence there is no capital reserve or goodwill arising on consolidation.
- (iv) For the purpose of Consolidation, Accounting policies of the holding company have been adopted for all the entries.
- (v) The Financial Statements of PSL Limited (The Company) and its Subsidiaries namely PSL Corrosion Control Services Limited, Pipeline Systems Limited, PSL USA INC., PSL Gas Distribution Pvt.Ltd. and PSL Infrastructure & Ports Pvt.Ltd. have combined on a line by line basis by adopting together the book values like items of Assets, Liabilities, Income and Expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized Profits or Losses.
- (vi) The Financial Statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. year ended 31st March 2011.
- (vii) The subsidiary companies (which along with PSL Limited, the parent, constitute the group) considered in the preparation of these Consolidated Financial Statement are:

S. No.	Name	Country of Incorporation	Voting power held as at 31st March 2011
i.	PSL Corrosion Control Services Limited	INDIA	100%
ii.	Pipeline Systems Ltd.	MAURITIUS	100%
iii.	PSL USA INC	USA	100%
iv.	PSL FZE	SHARJAH	100% (Subsidiary of Pipeline Systems Ltd.)
v.	PSL North America LLC	USA	78% Holding by PSL USA INC
vi.	PSL Gas Distribution Pvt. Ltd.	INDIA	100%
vii.	PSL Infrastructure & Ports Pvt. Ltd.	INDIA	100%

On November 1, 2007, PSL -North America, LLC entered into a loan agreement with MBFC. The loan agreement provides that MBFC shall issue Tax Exempt Variable Rate Demand Revenue Bonds, Series 2007A and Taxable Variable Rate demand Revenue Bonds, Series 2007B and loan the proceeds thereof to the Company for use in acquiring, constructing, installing and equipping a pipe manufacturing facility and other related activities. The amount of loan payments to be made by the Company to MBFC pursuant to the loan agreement shall be sufficient to pay the principal and interest on the bonds, as and when the bond and interest payments are due and payable. In addition, the Company is responsible for all costs and expenses related to the issuance of the bonds and the fees and charges of the trustee (Hancock Bank) and the remarketing agent (Merchant Capital)

As security for the MBFC loan agreement, the Company obtained an irrevocable transferable direct pay letter of credit, which expires on November 1, 2010, for up to \$ 78,747,945 from JP Morgan Chase Bank, N.A. in favour of the trustee. In accordance with the reimbursement agreement with JP Morgan Chase Bank N.A. - PSL -North America, LLC is required to pay a non-refundable fee in arrears on the gross available amount beginning on December 31, 2007 and continuing on the last day of each March, June, September, and December thereafter to the termination date at a rate of 1% per annum. For the year ending March 31, 2008 this amounted to \$ 131,247 paid to JP Morgan Chase Bank, N.A. In addition, interest on the unpaid principal amount of each advance will accrue at a rate per annum equal to the prime rate (normally JP Morgan Chase Bank, N.A.'s prime commercial rate for US dollar loans or equivalent) plus 1%.

In addition, on October 22, 2007, the State Bank of India issued an irrevocable standby letter of credit, which expires on November 17, 2010 for upto \$ 78,000,000 in favour of the JP Morgan Chase Bank, N.A. This standby letter of credit was issued based on the financial condition of the Company's parent, PSL Limited.

On October 29, 2010, the Company obtained an irrevocable transferable direct pay letter of credit for up to \$77556630 from Wells Fargo Bank, National Association ("Wells Fargo") in favour of the trustee. In accordance with the reimbursement agreement with Wells Fargo, the Company is required to pay an annual letter of credit fee in arrears on the gross available amount beginning on February 1, 2011, payable quarterly, and continuing on the first day of each February, May, August and November thereafter to the termination date at a rate of 1.40% per annum. In addition, interest on the unpaid principal amount of each advance will accrue at a rate per annum equal to the prime rate plus 1%. (4.25% at March 31, 2011). Also on October 29, 2010, ICICI issued an irrevocable standby letter of credit for up to \$78,000,000 in favour of Wells Fargo and is effective until the earliest to occur of the following (i) ICICI and Wells Fargo in writing mutually agree to terminate the agreement; (ii) the ICICI obligation is fully paid and discharged and the related documents terminated; or (iii) the Wells Fargo obligation is fully paid and discharged and the related documents terminated. This standby letter of credit was issued based on the financial condition of PSL Limited.

#### Investment in Associates

The Group Associates are:

Name	Country of incorporation	% of ownership interest as at March 31, 2011
Eurocoustic Products Ltd.	INDIA	48.09
Broken Hills International Ltd.	INDIA	22.79
BHI Limited	INDIA	49.66
Punj International Pvt. Ltd.	INDIA	37.06
Punj Investments Pvt. Ltd.	INDIA	14.78
Punj Corporation Pvt. Ltd.	INDIA	31.62

These associates have not been considered for consolidation being not material to the Group.

#### c. Inventories

The Raw Materials, Stores and Spare Parts are valued at cost, which is arrived on FIFO basis. Work in progress, Semi-finished Goods and Finished Goods are valued at cost or at the net realisable value, whichever is lower. Cost of inventories comprises of all costs of purchase (other than refundable duties and taxes), costs of conversion and other costs incurred in bringing the inventories to their present condition and location. Costs of Raw Materials, Packing Materials and Stores and Spares are determined by the average cost method. Cost of work-in-progress and finished goods inventories are determined by the absorption costing method. Obsolete, defective, slow moving and unserviceable inventories are duly provided for.

#### d. Depreciation

Depreciation is provided from the date the assets have been installed and put to use on written down value method at the rates and in the manner prescribed by schedule XIV of the Companies Act, 1956 except in PSL USA INC., where depreciation is provided using the Straight Line Method over the estimated useful lives of the various assets.

Lease hold land is being amortised over the period of lease. Depreciation on additions to Assets or on sale/discardment of Assets, is calculated pro-rata from the month of such addition or upto the month of such sale/discardment, as the case may be.

#### e. Research and Development Expenditure

Revenue Expenditure is charged to Profit & Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the year when it is incurred.

#### f. Revenue Recognition / Income

Revenue Income is recognised on accrual basis except where mentioned otherwise, in particular:

- i. Sales revenue is recognised when it is earned and no significant uncertainty exist as to its realisation or collection. Sales are net of sales return and Trade Discounts. Rebate, Claims and Discounts are accounted for as and when determined. Deductions made have been reduced from the Sales where found necessary. Export sales are accounted on the basis of acceptance by the customers and on the basis of export bill of lading. Export sales is accounted as per the prevailing exchange rate on the date of transaction. Revenue from services is recognised on rendering of services.
- ii. Gross Sales include Excise Duty collection (₹ 13946.47 lacs), Sales Tax and Freight charged in invoices.
- iii. The pipe coating income is recognised after inspection, approval by customers and after dispatch.
- iv. Interest income is taken on accrual basis. Interest Income of ₹ 848.53 Lacs netted off against interest payment during the year. (Previous year interest income of ₹ 477.88 lacs netted off against interest payment) wherever applicable.
- v. Dividend income on investments are accounted for when the right to receive the payment is established.
- vi. Expenditure are accounted for on accrual basis and provisions are made for all known liabilities.

**g. Treatment of expenditure during construction period**

Expenditure in the case of new units and substantial expansion of existing units during the construction period is included in the work-in-progress and the same is allotted to the respective Fixed Assets on the completion of the construction.

**h. Fixed Assets**

- i. Fixed assets are stated at cost of acquisition and installation. The cost includes freight, taxes and related incidental expenses less Cenvat Credit.
- ii. The company has erected factory building sheds and installed Plant and Machinery on lease hold land. The company had incurred some developmental expenditure which was earlier in CWIP on factory building, plant and on lease hold land which increase the future benefits from the existing assets beyond its previously assessed standard of performance i.e. increase in capacity and modernisation and upgradation.

**i. Foreign Currency Transactions**

- i. a. The company is exposed to currency Fluctuations on foreign currency transactions. With a view to minimize the volatility arising from fluctuations in the currency rates, the company follows established risk management policies including the use of exchange forward contracts and other derivative instruments.
- b. Foreign Currency transactions are recorded at the exchange rate prevailing on the date of such transactions. Monetary Assets and Liabilities in Foreign Currency as at the Balance Sheet. Gains and Losses arising on account of difference in foreign exchange rates on settlement / translation of monetary Assets and Liabilities are recognized in the Profit and Loss Account.
- c. In respect of forward contracts assigned to the Foreign Currency Assets as at the Balance Sheet date, the proportionate premium / discount for the period up to the date of Balance Sheet is recognized in the Profit and Loss Account. The exchange difference measured by the change rate between the inception of forward contract and date of Balance Sheet is applied on Foreign Currency amount of the forward contract and is recognized in the Profit and Loss Account.
- ii. All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian currency at the appropriate rate of exchange prevailing on the date of Balance Sheet.
- iii. Balances in the form of Current Assets and Current Liabilities in Foreign Currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.

**j. Derivative Instruments**

- I. The company has entered into the following derivative instruments.
  - a. Forward Exchange contracts (being a derivative instrument), which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.  
Forward Exchange Contracts entered into by the Company as on March 31, 2011 (payable) 8.861 USD (mn)
  - b. Interest Rate Swaps to hedge against fluctuations in interest rate changes :
 

No of Contracts	:	NIL
Notional Principal	:	NIL
  - c. Currency Swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate.
 

No of Contracts	:	NIL
Notional Principal	:	NIL
- II. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

Receivables /Payables (₹ in Lacs)	Receivables /Payables Amount in USD
(84217.89)	(188.61)

- III. Derivative Instruments (causing an unhedged Foreign Currency exposure) : NIL

**k. Investments**

- I. Investments are of long term nature and are stated at cost of acquisition, less any diminishing in the value other than temporary.
- ii. The investments in companies under the same management whose shares are unquoted are valued at cost. The Management is of the opinion that there is no diminishing value on these Investments.

**l. Employee Benefits:**

**A. Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognised in the period in which the employee renders the related service.



The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**B. Post-employment benefits:**

(a) Defined contribution plans

Defined contribution plans are Provident Fund Scheme, Employee State Insurance Scheme and Government Administered Pension Fund scheme for all employees and Superannuation Scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the Profit and Loss Account in the financial year to which they relate. The Company makes specified monthly contributions towards Employee Provident Fund to the Regional Provident Fund Authority by the Company.

(b) Defined benefit Gratuity Plan

The Company operates a defined benefit gratuity plan for employees. The Company contributes the same to LIC, towards meeting the Gratuity obligation.

**C. Other Long Term employee benefits**

Entitlements to annual leave and sick leave are recognised when they accrue to employees. Sick leave can only be availed while annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.

For the year ended March 31, 2011, provision for Employees Benefits amounting to ₹ 53.56 Lacs towards Leave Encashment has been made to SBI Life Insurance Co. Ltd., Mumbai. The actual liability as per actuarial valuation amounts to ₹ 135.60 Lacs

**Disclosure as per Accounting Standard - 15 (Revised 2005)**

(₹ in Lacs)

	2010-11	2009-10
<b>i) Defined Contribution Plan -</b>		
The Company has recognised the following amounts in the Profit and Loss Accounts for the year:		
Contribution to Employee Provident Fund - RPFC	261.14	267.80
Contribution to Employee Provident Fund - Trust	NIL	NIL
Contribution to Pension Fund	147.10	128.88
Contribution to Superannuation Fund	172.08	166.37
	<b>580.32</b>	<b>563.05</b>
<b>ii) Defined Benefit Plan -</b>		
The following table set out the status of the Gratuity Plan		
<b>(a) A reconciliation of Opening and Closing Balances of the present value of the Defined Benefit Obligation (DBO)</b>		
Opening DBO	1,488.23	1,326.63
Current service cost	98.66	84.84
Interest cost	131.20	115.36
Actuarial gain/(loss)	NIL	NIL
Past Service Cost	NIL	NIL
Liabilities Extinguished on settlements	NIL	NIL
Benefits paid	127.78	22.81
Closing DBO	<b>1,590.31</b>	<b>1,504.02</b>
<b>(b) A reconciliation of the Opening and Closing Balances of the fair value of plan Assets:</b>		
Opening fair value of plan assets	1,092.98	963.93
Expected return	99.23	89.79
Actuarial gain/ (loss)	NIL	NIL
Contribution by the employer	60.38	62.07
Assets Distributed on Settlements	NIL	NIL
Benefits paid	127.78	22.81
Closing fair value of plan assets	<b>1,124.81</b>	<b>1,092.98</b>

	2010-11	2009-10
<b>(c) A reconciliation of the present value of the defined benefit obligation and the fair value of the plan Assets to the Assets recognised in the Balance Sheet:</b>		
Present value of the defined benefit obligation at the end of the period	1,590.31	1,504.02
Fair value of the plan assets at the end of the year	1,124.82	1,092.98
Liability recognised in the Balance Sheet	465.49	411.04
<b>(d) The total expense recognised in the Profit and Loss Account:</b>		
Current service cost	98.66	84.84
Interest Cost	130.69	115.36
Expected return on plan Assets	(99.23)	(89.79)
Actuarial gain/(loss)	NIL	NIL
Past Service Cost	NIL	NIL
(Losses)/Gains on "Curtailements & Settlements"	NIL	NIL
Net Gratuity cost	130.12	110.41
<b>(e) For each major category of plan assets following is the percentage that each major category constitutes of the fair value of the total plan assets.</b>		
LIC of India	100%	100%
<b>(f) Actual return on plan assets</b>	9.35%	9.32%
<b>(g) Following are the Principal Actuarial Assumptions used as at the Balance Sheet date</b>		
Discount Rate	8.00%	7.66%
Expected rates of return on any plan assets	9.35%	9.32%
Average Salary escalation rate for Non Management for Each Year	6.00%	5.33%
Average Salary escalation rate for Non Management Every Third Year		

**m Borrowing Cost**

Interest & other borrowing costs on specific borrowings relating to the qualifying assets are capitalised. Other interests and borrowing costs are charged to Revenue.

**n Cash Flow Statement**

The Cash Flow statement is prepared by the indirect method set out in Accounting Standard - 3 on Cash Flow Statement and presents cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the cash flow statement consists of cash in hand and demand deposits with banks as on the Balance Sheet date.

**o. Provisions**

A provision is recognised when there is a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligations and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate.

**p. Segment Reporting**

The Gross income and profit from other segments are below the norms prescribed in AS-17 separate disclosure have not been made. The Group does not consider any significant difference as regards the risks and returns of the product with reference to export and domestic sales. Therefore, Segment information as required by Accounting Standard - 17 is not applicable.

**q. Related Party and Key Management Personnel Disclosure**
**A. Name of the Party and the Relationship**
**a) Subsidiary Companies**

- |  |   |
|--|---|
| i. PSL Corrosion Control Services Ltd.   | 100% Subsidiary Company                                     |
| ii. Pipeline Systems Ltd., Mauritius     | 100% Subsidiary Company                                     |
| iii. PSL USA INC., Delaware, USA         | 100% Subsidiary Company                                     |
| iv. PSL FZE, Sharjah.                    | 100% Subsidiary Company of Pipeline Systems Ltd., Mauritius |
| v. PSL Gas Distribution Pvt. Ltd.        | 100% Subsidiary Company                                     |
| vi. PSL Infrastructure & Ports Pvt. Ltd. | 100% Subsidiary Company                                     |
| vii. PSL North America LLC.              | 78% (Held by PSL USA INC)                                   |

**b) Companies in which control exists directly / indirectly**

- i. BHI Ltd.
- ii. Broken Hills International Ltd.
- iii. Eurocoustic Products Ltd.
- iv. Punj International Pvt. Ltd.
- v. Punj Investments Pvt. Ltd.
- vi. Punj Corporation Private Limited
- vii. Rosoboronterra India Pvt.Ltd.  
(Subsidiary of Punj Corporation Pvt.Ltd.)

**c) Key Management Personnel**

Ashok Punj	Managing Director
M. M. Mathur	Director
R. K . Bahri	Director
G. S. Sauhta	Director
D. N. Sehgal	Director
S. P. Bhatia	Director
C K Goel	Director
G.Gehani	Director & Company Secretary

**B. Nature of Transaction**

(₹ in Lacs)

Sr. No.	Particulars	Key Personnel	Companies in which control exists Directly / Indirectly
1	Purchase of Goods	-	37.26
2	Purchase of Capital Goods	-	0.32
3	Reimbursement of Expenses	-	187.46
4	Lease Rental	-	102.47
5	Remuneration	907.35	Nil

**r. Lease**

Operating lease payments are recognized as expenditure in the Profit and Loss Account on a Straight-line Basis, which is representative of the time pattern of benefits received from the use of assets taken on lease. Lease rentals in respect of operating lease are recognized as income over the lease period.

**s. Earning Per Share**

The Company reports basic and diluted Earnings Per Share in accordance with Accounting Standard 20 on Earning Per Share. Basic Earnings per share is computed by dividing the Net Profit or Loss for the year by the weighted average number of equity shares outstanding during the year. Diluted Earnings Per Share is computed by dividing the Net Profit or Loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

(₹ in Lacs)

		2010-11	2009-10
Weighted average number of shares at the beginning and at the end of the year	Nos	53,460,911	48981744
Net Profit after tax available for Equity Share holders	₹	5239.38	12265.63
Basic Earnings per share	₹	9.80	25.04
Diluted Earnings per share	₹	9.80	24.75

**t. Management Estimates**

The preparation of Financial Statements is in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of Assets and Liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and the differences between actual results and estimates are recognised in the periods in which the results are known / materialize.

**u. Accounting for Taxes on Income**

Income Tax are accounted for in accordance with Accounting Standard 22 on Accounting for taxes on income. Income tax comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid to / recovered from the revenue authorities, using applicable tax rates and laws. The company offsets advance payments and provisions for current tax and disclose the net amount it intends to settle and where it has a legally enforceable right to set off the recognised amount.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a Deferred Tax Assets or a Deferred Tax Liability. Deferred Tax Assets and Liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax regulations.

The carrying amount of Deferred Tax Assets at each Balance Sheet date is reduced to the extent that it is no longer reasonable certain that sufficient future taxable income will be available against which the Deferred Tax Assets can be realized.

(₹ in Lacs)		
PARTICULARS	2010-11	2009-10
Deferred Tax Liabilities - Depreciation Differences	666.19	1,235.65
Less: Deferred Tax Assets - Disallowances and others	2,277.50	1,576.29
Net Deferred Tax Liability / (Assets)	<b>(1,611.31)</b>	(340.64)

**v. Sundry Debtors/Loans & Advances**

Sundry Debtors, Creditors and other advances are subject to confirmation. The effect of the same, if any, which is not likely to be material, will be adjusted at the time of confirmation.

**i. Impairment of Assets:**

In the opinion of the company's Management, there is no impairment to the Assets to which Accounting Standard 28 — "Impairment of Assets" applied requiring any revenue recognition.

**ii. Contingent liabilities**

Contingent Liabilities as defined in Accounting Standard 29 are disclosed in the Notes to Accounts. Provisions is made if it became probable that an outflow of future economic benefits will be required for an item previously dealt with it as a Contingent Liability.

(₹ in Lacs)		
	2010-11	2009-10
a) Counter Guarantee Given by the Company for Bank Guarantees (Previous year includes Standby Letter of Credit (SBLC) given by a bank in India amounting to ₹ 31,200 Lacs (equivalent to USD 78 mn) as a security for Tax Exempt Variable Rate Demand Revenue Bonds - Series 2007A and Taxable Variable Rate Demand Revenue Bonds - Series 2007B issued by Mississippi Business Finance Corporation USA on behalf of company's wholly owned subsidiary.	59961.68	88,423.60
b) Other Guarantee Given by the Company on behalf of	119,885.25	95,854.99
- Subsidiary Companies	1,987.84	1,956.03
- Others	121,873.09	97,811.02
c) Letter of Credit Outstanding (Not yet committed)	65767.35	5556.14
d) Bills Discounting	8092.28	14808.764
e) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3000	3000
f) (i) Income Tax Assessments completed upto AY 2008-09 (March 2008), Demand raised by the Department amounting to ₹ 74.91 lacs is contested before CIT Appeal Mumbai.		
(ii) Appeals for the Assessment Year 2007-08 and 2006-07 is pending before ITAT, Mumbai		
(iii) The Department raised the demand of ₹700 Lacs for AY 2005-06 u/s 143(3) of the Act read with u/s 263 of the Act. Company has preferred an appeal before ITAT challenging the commissioner directive u/s 263 which is pending before the ITAT Mumbai.		

- g) Gujarat Water Supply & Sewerage Board (GWSSB), a Government of Gujarat Undertaking and a regular customer of the company has made a reference to "Gujarat Public Works Contracts Disputes Arbitration Tribunal" for settlement of some disputes, including a claim against the Company arising out of a routine contract awarded earlier to the Company, the performance of which was hit by force majeure conditions. As company has since challenged the jurisdiction of aforesaid tribunal, the matter is pending. Hence at this stage no provision has been made in the attached accounts towards any possible liability on this account.
- h) The renewal of leave & licence admeasuring to 329216 Sqm (Area) of Kandla Port Trust is under progress before the competent authority.

**w. Impact of issue of Foreign Currency Convertible Bonds(FCCB's)**

In September 2005 the Company had issued Zero Coupon foreign Currency Convertible Bonds (FCCB'S) worth US \$40 Million. As per terms of issue, these Bonds which were listed on Singapore Stock Exchange were convertible into fully - paid and pari passu ranking equity shares of ₹10 each at premium of ₹ 224.54 on or any day prior to 8th August, 2010. During the year, these bonds worth USD 2.5 Million being the pending face value of the bonds along with the eligible premium for five year were redeemed completely on 3rd September,2010. Hence pending FCCB as on 31st March 2011 - "NIL"

**2. Licenced and installed capacity**

Sr. No	Particulars	Unit	2010-11	2009-10
1.	Spiral ARC Welded Pipes	Mt.	1,775,000	1,775,000
2.	Coating on Steel Pipes	Mtrs.	NA	NA
3.	Anode	Mt.	1,500	1,500
4.	Wire Mesh	Sqm.	720,000	720,000
5.	Outer Wrap	Sqm.	2,500,000	2,500,000
6.	Rebar Coating		NA	NA

**3. Production, Opening and Closing Stock**

Sr. No.	Name	Unit	Production		Opening Stock		Closing Stock	
			Quantity 2010-11	Quantity 2009-10	Quantity 2010-11	Quantity 2009-10	Quantity 2010-11	Quantity 2009-10
1.	HSAW Pipes	Mt.	439,265.446	472,036.128	52,868.782	19,971.828	50,090.146	52,868.782
2	Coating on Steel Pipes/ Jobs	Mtrs.	Turnkey Jobs	Turnkey Jobs	Turnkey Jobs	Turnkey Jobs	Turnkey Jobs	Turnkey Jobs
3.	Anodes	Kgs.	55,050.770	3.14,269.730	17,408.260	NIL	198.000	17,408.260
4.	Wire Mesh	Sqm.	NIL	NIL	74.550	74.550	NIL	74.550
5	Outer Wrap	Sqm.	NIL	47,351.250	512.000	2,723.250	512.000	512.000

**4. Sales Turnover & Coating Jobs**

(₹ in Lacs)

Sr. No.	Particulars	Unit	2010-11		2009-10	
			Quantity	Value	Quantity	Value
1.	HSAW Pipes	M.T	442,044.082	214,049.61	442,452.174	290,088.01
2.	Coating on Steel Pipes / Jobs Rebar Coating Project Equipment	-	-	84,552.22	-	92,253.31
	Divn (Daman)	-	-	6,763.45	-	7,057.25
		-	-	4,599.72	-	1,360.03
3.	Anodes	Kgs.	72,261.030	79.06	296,861.470	552.41
4.	Induction Bending	-	-	1,530.35	-	1,744.13
5.	Wire Mesh	Sqm.	-	Captive Consumption	-	Captive Consumption
6.	Outer Wrap	Sqm.	-	Captive Consumption	49,562.500	Captive Consumption
7.	Others	-	-	-	-	1,050.21
	Total			311,574.41		394,105.35

## 5. Raw Material Consumption

(₹ in Lacs)

Sr.No.	Name	UNIT	2010-11		2009-10	
			Quantity	Value	Quantity	Value
1.	H. R. Coil	Mt.	467,839.11	184,581.95	477,502	217,873.02
2.	Flux	Mt.	2,077.26	1,538.74	2,148	1,400.17
3.	Filler Wire	Mt.	1,668.68	1,107.17	1,593	1,239.97
4.	Epoxy Powder	Mt.	1,442.51	2,935.37	447,591	4,169.29
5.	Adhesive	Mt.	372.69	529.43	795	1,252.58
6.	Polyethylene	Mt.	6,283.92	4,730.19	12,753	9,607.64
7.	Inner Wrap	Sqm.	1,676,380.34	163.28	1,032,378	96.51
8.	Outer Wrap	Sqm.	860,747.21	299.41	551,194	201.08
9.	Coal Tar Enamel	Mt.	7,431.45	1,705.22	4,349	1,047.53
10.	Polyethylene Tape	Sqm.	192,787.50	270.61	323,571	375.73
11.	Wire Mesh	Sqm.	438,573.18	298.12	408,369	324.01
12.	Cement	Mt.	12,593.95	445.81	12,459	441.90
13.	Sand	Mt.	15,828.34	100.90	18,754	47.94
14.	Iron Ore	Mt.	28,012.73	1,204.99	27,659	720.29
15.	Aluminum	Kgs.	51,485.24	51.72	312,684	323.76
16.	Zinc	Kgs.	2,999.20	3.08	21,969	24.50
17.	Coating Materials and others			83,908.38		60,295.90
			<b>Total :</b>	<b>283,874.36</b>	<b>Total :</b>	<b>299,441.82</b>
18.	Stores & Consumables			5,200.70		16306.80
				<b>289,075.06</b>		<b>315748.62</b>

(₹ in Lacs)

	2010-11	2009-10
<b>6. Value of Imports (CIF)</b>		
Raw Materials	106,802.66	9,377.17
Stores	463.91	1,959.37
<b>7. Expenditure in Foreign Currency</b>		
Travelling Expenses	119.81	176.41
Agency Commission & Others	98.99	843.26
<b>8. Earning in Foreign Currency</b>		
Pipe Sales & Pipe coating Receipts(FOB)	46,352.45	14,326.63
<b>9. Value of Consumption of Raw Materials</b>		
Imported	104,476.14	160,153.92
Indigenous	132,612.34	139,287.89
<b>10. Value of Consumption of Stores</b>		
Imported	794.18	12,843.57
Indigenous	4,340.14	3,463.24
<b>11. Directors' Remuneration</b>		
Salary, Allowances & Perquisites	792.17	737.65
Contribution to Provident and other Funds	116.19	102.97
<b>12. Auditors' Remuneration</b>		
For Statutory Audit	26.36	16.11
For Tax Audit	3.00	2.35
For Tax Matters	1.00	0.75
For Other Services	2.49	1.50
For out of Pocket Expenses	1.00	0.75



13. Loans & Advances includes amount receivable from Companies under Same Management -NIL (Previous Year- NIL)
14. The Company is in the process of identifying the Suppliers who are Small Scale Industries & Undertaking. The amount due to them has not been quantified during the year.
15. In the opinion of the Board the Current Assets are approximately of the value, if realised, in the ordinary course of the business. The Provision for Depreciation and for all known Liabilities are adequate and not in excess of the amount reasonably considered necessary. All the Income Accrued has been accounted for in the Books.
16. Schedules A to R forming an integral part of the Balance Sheet and Profit and Loss Account are duly authenticated
17. The Previous Year figures have been Re-grouped/Rearranged wherever necessary to confirm the Current Year Classification.

As per our report attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

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

**(SURESH C. MATHUR)**  
Partner  
M.No. 1276

**K. RAMANATHAN**  
Chief Finance Officer

**ALOK PUNJ**  
**G.S. SAUHTA**  
**D.N. SEHGAL**  
**S.P. BHATIA**  
**G. GEHANI** (Director & Co. Secretary)

**ASHOK PUNJ**  
**M.M. MATHUR**  
**R.K. BAHRI**  
**C.K. GOEL**

Directors

Place: Mumbai  
Date: 24<sup>th</sup> June, 2011

**CASH FLOW STATEMENT FOR CONSOLIDATED ACCOUNTS OF PSL LIMITED  
FOR THE YEAR ENDED ON MARCH 31,2011  
(PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGES)**

(₹ in lacs)

Particulars	2010-11	2009-10
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extra-ordinary Items	8723.39	15655.63
<b>ADJUSTED FOR</b>		
Add : Depreciation	14260.65	8160.57
Interest (Net)	15284.67	11214.88
Preliminary Expenses Written off	NIL	NIL
Technical Knowhow Written off	NIL	NIL
Less: Bad Debts Provision	120.00	NIL
Less: Profit on Sale of Fixed Assets	27.65	(0.38)
Add : Loss on Investments	NIL	NIL
Less: Dividend Income	7.50	NIL
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>38353.56</b>	<b>35031.46</b>
<b>Changes in</b>		
Trade Receivables	(29209.07)	2778.43
Inventories	(2255.72)	175388.37
Trade Payables	42770.83	(291448.67)
Loans and Advances	15784.16	(9528.24)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>65443.76</b>	<b>(87778.65)</b>
Tax Paid/Payables/Advance Tax	(3192.27)	(4520.15)
Technical Know How Fees	NIL	NIL
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>62251.49</b>	<b>(92298.80)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>[A]</b>	<b>[B]</b>
Sale of Fixed Assets	4.76	7.87
Profit on Sale of Assets	27.65	(0.38)
Interest Received	759.08	477.88
Dividend Received	7.50	NIL
Sale/ (Purchase) of Investments	(9.20)	(23.90)
Purchase of Fixed Assets	(19360.16)	(38548.43)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(18570.37)</b>	<b>(38086.96)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>[C]</b>	<b>[D]</b>
Proceeds From Issue of Shares including Share Premium	1.98	12939.86
Others	(3122.49)	NIL
FCCB Redumption	272.75	NIL
Interest Paid	(16043.75)	(11692.76)
Loans Received/Re-Payments (Net)	(23170.58)	137109.86
Dividend Paid	(3728.64)	(1245.52)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(45790.73)</b>	<b>137111.44</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT [A+B+C]</b>	<b>(2109.61)</b>	<b>6725.68</b>
CASH AND CASH EQUIVALENT - OPENING	<b>[I]</b>	<b>[II]</b>
CASH AND CASH EQUIVALENT - CLOSING	<b>[II-I]</b>	<b>[II-I]</b>

As per our report attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**(SURESH C. MATHUR)**  
Partner  
M.No. 1276

**K. RAMANATHAN**  
Chief Finance Officer

**ALOK PUNJ**  
**G.S. SAUHTA**  
**D.N. SEHGAL**  
**S.P. BHATIA**  
**G. GEHANI** (Director & Co. Secretary)

**ASHOK PUNJ**  
**M.M. MATHUR**  
**R.K. BAHRI**  
**C.K. GOEL**

Place: Mumbai  
Date: 24<sup>th</sup> June, 2011

Directors

**Auditors' Certificate**

We have verified the above Cash flow Statement of PSL Limited (Consolidated) derived from the Audited Financial Statements for the year ended March 31, 2011 and found the same is drawn in accordance therewith and also with the requirements of clause 32 of the Listing Agreements with Stock Exchange.

For Suresh C. Mathur & Co.  
Chartered Accountants

Place: Mumbai  
Date : 24th June, 2011

Sd/-  
**Suresh C. Mathur**  
Partner  
M. No. 1276

**Statement Pursuant to Exemption received under Section 212(8) of the Companies Act, 1956 relating to  
Subsidiary Companies as on March 31, 2011**

		(₹ in lacs)													
Sr. No.	Name of the Subsidiary	Reporting Currency	Year	Exchange Rate	Share Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit/(Loss) before Tax	Provision for Current Taxes	Profit/(Loss) after Taxation	Proposed Dividend	Country of Incorporation
1	PSL Corrosion Control Services Ltd.	INR	2010-11 2009-10	N.A. N.A.	140.00 140.00	4,670.40 3,455.83	4,810.40 3,595.83	4,810.40 3,595.83	104.00 104.00	4,309.97 4,867.62	1,790.82 1,521.89	584.00 490.00	1,206.82 1,031.89	- -	India
2	Pipeline Systems Ltd.*	USD	2010-11 2009-10	44.92 45.14	11,950.92 11,950.92	1,290.33 1,218.90	27,573.21 32,963.71	27,573.21 32,963.71	- -	10,218.63 15,256.51	70.84 1,027.68	- -	70.84 1,027.68	- -	Mauritius
3	PSL USA INC**	USD	2010-11 2009-10	44.92 45.14	8,985.38 9,029.39	(1,717.43) 1,523.63	42,523.61 48,060.86	42,523.61 48,060.86	- -	40,711.00 98,164.32	(3,576.86) 1,394.07	32.50 17.77	(3,609.36) 1,376.30	- -	USA
4	PSL Gas Distribution Pvt. Ltd.	INR	2010-11 2009-10	N.A. N.A.	17.00 N.A.	- N.A.	17.00 N.A.	17.00 N.A.	N.A. N.A.	- N.A.	- N.A.	- N.A.	- N.A.	- N.A.	India
5	PSL Infrastructure & Ports Pvt.Ltd.	INR	2010-11 2009-10	N.A. N.A.	22.00 N.A.	- N.A.	22.00 N.A.	22.00 N.A.	- N.A.	- N.A.	- N.A.	- N.A.	- N.A.	- N.A.	India

Note: Indian rupee equivalent of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2011

\* Amount includes results of its subsidiary namely PSL FZE, Sharjah incorporated under the laws of UAE.

\*\* Amount include results of its subsidiary namely PSL North America LLC, incorporated under the law of State of Delaware.

As per our report attached  
For Suresh C. Mathur & Co.  
Chartered Accountants

**(SURESH C. MATHUR)**  
Partner  
M.No. 1276

Place: Mumbai  
Date: 24<sup>th</sup> June, 2011

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

**ALOK PUNJ**  
G.S. SAUHTA  
D.N. SEHGAL  
S.P. BHATIA  
G. GEHANI (Director & Co. Secretary)  
Directors

**K. RAMANATHAN**  
Chief Finance Officer

**ASHOK PUNJ**  
M.M. MATHUR  
R.K. BAHRI  
C.K. GOEL



### CONSENT FORM

To,

The Director &  
Company Secretary  
PSL Limited  
Kachigam, Daman  
U.T. of Daman & Diu - 396210.

**SUB : CONSENT FORM FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE**

Name : .....

Postal Address : .....

Folio No. : .....

DPID/ Client ID : .....

No. of Shares held : .....

Please tick any of the following :

Yes, I would like to support the Company's environment protection drive and would therefore be happy to receive all the documents including Balance Sheet and papers related thereto in electronic mode at my email ID .....and / or email ID .....

I will prefer receiving the Annual Report and other communications from the Company in physical mode only at the above stated Postal Address.

Place :

Date :

.....  
(Signature of Shareholder)





**PSL Limited**

Regd. Office: Kachigam, Daman, Union Territory of Daman & Diu - 396 210



**Attendance Slip**

Regd. Folio No. : \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
Name & Address : \_\_\_\_\_  
of First/Sole Shareholder/Proxy \_\_\_\_\_  
No. of Shares held : \_\_\_\_\_

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the Company on Thursday, 22<sup>nd</sup> day of September, 2011 at 9.30 a.m. at Cidade De Daman at Devka Beach, Nani Daman - 396210, in Union Territory of Daman & Diu.

Signature of Member/Proxy

Note: Member/Proxy wish to attend the meeting must bring this Attendance Slip and handover the slip at the entrance of the meeting hall duly signed.



Please tear here

**PSL Limited**

Regd. Office: Kachigam, Daman, Union Territory of Daman & Diu - 396 210



**Proxy Form**

Regd. Folio No. : \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
No. of Shares held : \_\_\_\_\_

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ being a  
Member/ Members of the above named Company, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
\_\_\_\_\_ or failing him/her \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our

Proxy to attend and vote for me/us and/or on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on Thursday, the 22<sup>nd</sup> day of September, 2011 at 9.30 a.m. at Cidade De Daman at Devka Beach, Nani Daman - 396210, in Union Territory of Daman & Diu. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

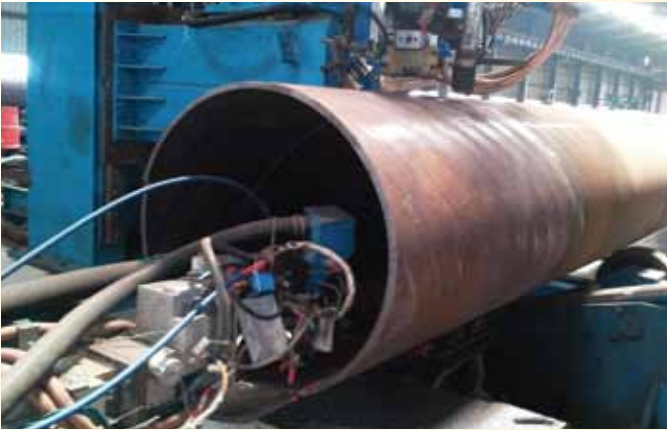
Affix  
Re 1/-  
Revenue  
Stamp

Note: a) Proxy need not be a member.  
b) The Proxy form duly signed across the revenue stamp by the Member(s) should reach the Company's Registered Office at Kachigam, Daman, Union Territory of Daman & Diu - 396 210, atleast forty eight hours before the time fixed for the meeting.





## Some Glimpses of Plant Activities



Close up view of SUBMERGED ARC WELDING in process



“Concrete Weight coating” for Offshore Pipeline in progress



End view of “FINAL WELDING STATION” at Pipe Mill



High Pressure Hydrotesting at Pipe Mill in Progress



SECURE Pipe Handling at PSL’s Pipe Yard



**PSL Limited**

Corporate Office : PSL Towers,  
615, Makwana Road, Marol, Andheri (E), Mumbai - 400 059  
[www.psllimited.com](http://www.psllimited.com)