

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

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

Coimbatore
30 May 2011

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

1. Principles of consolidation :

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

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

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

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

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

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011

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

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

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

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

For and on behalf of the Board

K. Ramesh
Vice President & CFO

D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary

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

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

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

As per our report of date attached

For and on behalf of the Board

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

Vijay Mohan
Chairman & Managing Director

D. Sarath Chandran
Director

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

Vanitha Mohan
Executive Director

K. Ramesh
Vice President & CFO

T.G. Thamizhanban
Company Secretary

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

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

CONSOLIDATED SCHEDULES (Contd.,)

Schedule V - FIXED ASSETS

₹ Million

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

Schedule VI - INVESTMENTS

Long Term Investments (at Cost)

1. Non-Trade - Quoted :

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

CONSOLIDATED SCHEDULES (Contd.,)

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

CONSOLIDATED SCHEDULES (Contd.,)

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

CONSOLIDATED SCHEDULES (Contd.,)

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

Schedule IX - DEBIT BALANCE IN PROFIT & LOSS ACCOUNT

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

Schedule X - INCOME

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

CONSOLIDATED SCHEDULES (Contd.,)

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

Schedule XII - EXPENDITURE

RAW MATERIALS & COMPONENTS CONSUMED

Opening Stock

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

Less : Closing Stock

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

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

EMPLOYEES' COST

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

REPAIRS AND MAINTENANCE

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

CONSOLIDATED SCHEDULES (Contd.,)

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

Schedule XIII - OTHER INCOME

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

Schedule XIV - INTEREST & FINANCE CHARGES

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

Schedule XV - EARNING PER SHARE (Basic / Diluted)

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

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

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

As per our report of date attached

For Haribhakti & Co.,

Chartered Accountants

Firm Regn. No. 103523W

C.S. Sathyanarayanan, Partner

Membership No. 028328

Coimbatore, 30th May 2011

Vijay Mohan

Chairman & Managing Director

Vanitha Mohan

Executive Director

For and on behalf of the Board

D. Sarath Chandran

Director

K. Ramesh

Vice President & CFO

T.G. Thamizhanban

Company Secretary

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

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

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

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

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

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

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

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

₹ Million

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

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

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

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

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

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

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

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

9. Other Notes forming part of Accounts:

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

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

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

* Excluding investment in subsidiaries.

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

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