

Board of Directors**V. SRINIVASAN****MURALI VENKATRAMAN, Vice-Chairman****BABULAL M. VARMA (upto 23-09-2010)****V. THIRUPATHI****NARAYAN SETHURAMON****G. BALASUBRAMANYAN****DINSHAW KEKU PARAKH****S.K. SUBRAMANYAN, Director (Finance & Administration)****Company Secretary****S.K. SUBRAMANYAN****Works**

Plot No. 15C, SIPCOT Indl. Complex, Pudukkottai - 622 002

RS No. 38/1, Sedarapet Industrial Area, Sedarapet, Puducherry - 605 111

G 34, Addl. Jejuri Industrial Area, Jejuri, Tal. Purandar, Pune - 412 303

RS No. 15/15, Vazhudavur Road, Kurumbapet, Puducherry - 605 009

Registered Office

Dhun Building, III Floor,
827, Anna Salai, Chennai - 600 002
Telephone : 91-44-28521736 (4 lines)
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Auditors

M/s. P. Srinivasan & Co.,
Chartered Accountants,
Chennai - 600 017

Bankers

State Bank of India, Chennai - 600 001

Canara Bank, Chennai - 600 002

Registrar & Share Transfer Agent

M/s. Integrated Enterprises (India) Ltd.,
2nd Floor, Kences Towers,
No. 1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai - 600 017
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FIVE - YEAR FINANCIAL DATA

(₹ in Millions)

For the Year	2010-11	2009-10	2008-09	2007-08	2006-07
Sales : Domestic	1,542.326	1,183.225	1,337.834	1350.876	1153.099
Exports	0.427	1.933	0.001	0.154	5.432
Operating Profit (PBIDT)	91.468	71.142	42.958	128.933	77.596
Interest	51.516	47.526	48.298	32.512	21.642
Depreciation	26.873	25.768	20.565	15.617	14.300
Taxation - Current	3.200	—	0.660	23.100	9.300
- Deferred	(0.600)	(2.000)	(8.235)	4.091	3.000
Profit/(Loss) After Tax	10.480	(0.152)	(18.329)	53.613	29.353
As at the end of the Year					
Share Capital	64.072	64.072	65.104	65.256	65.256
Reserves & Surplus	184.817	178.818	181.636	200.286	155.834
Loan Funds	427.580	353.068	359.649	282.163	216.541
Gross Block	528.565	499.920	490.072	375.900	312.796
Net Current Assets	388.332	305.582	289.992	342.171	279.168
Measures of Investment					
Return on Capital Employed (%)	9.55%	7.61%	3.69%	20.69%	14.46%
Return on Equity (%)	4.21%	(0.06%)	(7.43%)	20.19%	13.28%
Earnings per Share (₹)	1.64	(0.02)	(2.82)	8.22	4.50
Dividend Cover (Times)	2.73	NA	NA	6.85	3.75
Dividend (%)	6	NA	NA	12	12
Book Value of an Equity Share	38.85	37.91	37.90	40.70	33.88
Of Performance					
- Profitability (%)					
Profit/(Loss) before Tax (%)	0.94%	(0.20%)	(2.19%)	6.93%	4.18%
Profit/(Loss) after Tax (%)	0.75%	(0.01%)	(1.55%)	4.60%	3.64%
- Capital Turnover (times)	2.28	1.99	2.21	2.47	2.65
- Stock Turnover (times)	7.32	7.66	8.43	6.44	9.15
- Working Capital Turnover (times)	3.97	3.88	4.61	3.95	4.15
Of Financial Status					
- Debt-Equity Ratio (times)	0.53:1	0.55:1	0.57:1	0.19:1	0.20:1
- Current Ratio	1.18 : 1	1.24:1	1.21:1	1.26:1	1.37:1
- Fixed Assets to Shareholders' Funds (times)	1.28 : 1	1.29:1	1.33:1	0.88:1	0.84:1

DIRECTORS' REPORT

PART I – PERFORMANCE / OPERATIONS

Your Directors hereby present their 27th Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS

(₹ in 000's)

Particulars	Year Ended March 31, 2011		Year Ended March 31, 2010	
Income from Operations				
Gross		1,542,753		1,185,159
Net of Excise Duty		1,397,109		1,092,150
Other Income		5,268		3,577
Profit before Interest & Depreciation		91,469		71,142
Interest		51,516		47,526
Profit before Depreciation		39,953		23,616
Depreciation		26,873		25,768
Profit / (Loss) before Tax		13,080		(2,152)
Taxation - Current Tax	3,200		—	
- Deferred Tax (Asset)	(600)		(2,000)	
		2,600		(2,000)
Profit / (Loss) after Tax		10,480		(152)
Balance brought forward		14,484		15,668
Profit available for Appropriation		24,964		15,516
Appropriations:				
Transfers to				
General Reserve	10,000		—	
Special General Reserve	250		—	
Capital Redemption Reserve	—		1,032	
Proposed Dividend				
On Equity Shares	3,844		—	
Tax on distributable profits	638		—	
		14,732		1,032
Surplus carried forward		10,232		14,484
		24,964		15,516

BUSINESS OPERATIONS

Sales in terms of value increased by 28% over the previous year, whilst the volume improved by 21%. Your Company had to deal with the challenge of high PP prices throughout the year with particularly sharp increase during the last quarter of the financial year. In addition, restrictions on power usage in Tamil Nadu and poor quality of power in Puducherry were also irritants impacting production optimisation.

Your Company took multiple steps to tackle these issues which has resulted in improvement in margins. A new line at Jejuri was commissioned during the year. Capacity utilisation was however restricted there in view of power inadequacy, which is being addressed.

The Pultrusion Division however had to face the challenges of declining prices during the year due to surplus capacity pressures which resulted in a lower performance as compared to the previous year.

Your Company has provided for taxation under Minimum Alternate Tax (MAT) after considering the carry over losses of the earlier years.

DIVIDEND

Your Directors after consideration of the financial results of the previous year and outlook for the current year have decided to recommend for your consideration a dividend on Equity Shares at the rate of ₹ 0.60 per share. The above dividend together with distribution tax thereon has been provided for out of the profits of the Company for the year under review.

RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, ENERGY CONSERVATION ETC.

The new Application Development Centre at Puducherry developed compounds with advanced properties based on the requirements of automotive OEMs for their newer models. Development Agreements with key OEMs to ensure continuing business opportunities going into the future, are being entered into.

The Centre also had to optimise formulations, to improve manufacturing consistency and development of compounds using multiple PP sources, to remain competitive in the market and to keep the supply chain robust.

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are furnished in **Annexure - A** to this Report.

PART II - CORPORATE MATTERS

CORPORATE GOVERNANCE

As per the requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a detailed report on Corporate Governance is set out in **Annexure - B** to this Report.

The Statutory Auditors of the Company have examined the Company's compliance and have certified the same, as required under SEBI Guidelines. Such certificate is reproduced in **Annexure - C** to this Report. The Whole Time Director and CFO certification is given in **Annexure - D** to this Report. A separate Management Discussion and Analysis Report on the Company's performance is given in **Annexure - E** to this Report.

A Declaration by Mr.S.K.Subramanyan (Whole-time Director) with regard to compliance of Company's Code of Conduct by the Board Members and Senior Management Personnel is furnished as **Annexure - F** to this Report.

The Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956 is furnished in **Annexure - G** to this Report.

EMPLOYEE RELATIONS

Your Company implemented a Voluntary Retirement Scheme at its Pudukottai Plant. There was good response to this. Relations between the Employees and the Management continued to be cordial during the year under review.

DIRECTORS

Your Directors, Mr.G.Balasubramanyan and Mr. Murali Venkatraman retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

The necessary resolutions in this regard are being placed before the Shareholders for their approval.

AUDITORS

The Auditors of the Company, M/s. P. Srinivasan and Co., Chartered Accountants, Chennai hold office until the conclusion of the Annual General Meeting and have given their consent for re-appointment. The Company has received confirmation that their appointment will be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. The necessary resolution is being placed before the shareholders for their approval.

STATUTORY INFORMATION

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure to the Director's Report. However, as per the provisions of Section 219 of the Companies Act, 1956, the Report and Accounts are being sent to all Shareholders of the Company, excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

All the dividends of the earlier years, which have remained unclaimed, have since been transferred to the Investor Education and Protection Fund at the expiry of the specified period(s) as required under Section 205C of the Companies Act, 1956. Details of dividends remaining unclaimed as on 31.03.2011 are as under :

Year	Type	Date of declaration / payment	Total No. of Shareholders	Total Unclaimed Dividend (₹)	Due date for transfer to Central Government
2003 - 2004	Final	30.09.2004	119	83,676.00	10/10/2011
2004 - 2005	Final	28.09.2005	82	74,304.00	08/10/2012
2005 - 2006	Final	18.09.2006	46	32,040.00	28/09/2013
2006 - 2007	Final	13.09.2007	525	1,61,200.80	20/10/2014
2007 - 2008	Interim	31.01.2008	570	41,523.50	08/03/2015
2007 - 2008	Final	06.10.2008	573	54,639.90	13/11/2015

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors wish to record their appreciation of the continued support and co-operation from your Company's customers, vendors, bankers and all other stakeholders. Your Company will continue to build and maintain strong links with its business partners.

The Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels. The Directors also place on record their gratitude to the Members for their continued support and confidence.

For and on behalf of the Board of Directors

Place : Chennai
Date : 21st July, 2011

CA. G. BALASUBRAMANYAN
Chairman of the Meeting

MURALI VENKATRAMAN
Vice-Chairman

ANNEXURE - A TO DIRECTORS' REPORT**(A) CONSERVATION OF ENERGY****(a) Energy Conservation measures taken:**

The Company continues to focus on energy efficiency and conservation measures in its lighting and plant operation practices.

The Wind Energy generators installed by the company continue to perform satisfactorily and the energy is wheeled for use by our Pudukottai plant to the extent permitted.

The Company's application for Carbon Credit under the Voluntary Carbon Standard 2007 is in the final stages of approval.

(b) Additional measures taken for reduction of consumption of energy:

Compressed Air Circuits to meet the requirements for instrumentation and services have been segregated based on the optimal need thereby reducing the load on the Air Compressors and the same have been implemented at all the plant locations.

Common circuits for Air and Cooling water have been adopted to optimise load on the Water and Air system.

(B) TECHNOLOGY ABSORPTION**(a) Research and Development (R & D):****(i) Specific areas in which R & D carried out by the Company**

R&D continues to remain focused on evolution of OEM's requirements which at times are not fully quantified. Property enhancements like increased gloss, low thickness molding, soft and non synthetic feel, replacement of more expensive plastics.

Operational efficiency could never be more critical than in the present situation when costs of inputs and cost of funds are on upward trend. This is to be done without drop in service levels to customers. We have expanded the third party logistics to other areas to reduce cost of over all operations without loss in supply efficiency.

(ii) Expenditure on R & D (₹ in 000's)

(a) Capital	—	2,637
(b) Recurring	—	3,478
Total	—	6,115

(b) Technology Absorption, Adaptation and Innovation:

With innovative design and formulating our compounds, we have been successful in replacing engineering plastics offering customers savings in cost without significant loss in performance. We are seeing good progress and interest from our customers here.

With the performance requirements of our customers becoming more demanding and also complex with each passing day the efforts on formulation optimization and enhancement are being stepped up on a continuous basis with additional resources.

(c) Imported Technology : Not applicable**(C) FOREIGN EXCHANGE EARNINGS & OUTGO (₹ in 000's)**

Foreign Exchange Earnings	—	3,898
Foreign Exchange Outgo	—	338,424

The Company is taking continuous steps to develop export markets as appropriate to the nature of its products.

The details of the above are given in the Notes to the Accounts.

For and on behalf of the Board of Directors

Place : Chennai
Date : 21st July, 2011

CA. G. BALASUBRAMANYAN
Chairman of the Meeting

MURALI VENKATRAMAN
Vice-Chairman

ANNEXURE - B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

The details of compliance with the requirements of Clause 49 of the Listing Agreement is set out below:

1) **Brief statement on Company's Philosophy on Code of Governance.**

The Company believes in adopting appropriate Corporate Governance policy to achieve the corporate goal of enhancing stakeholder value. The cornerstones of this policy include transparency, empowerment with accountability, respect for people and environment, compliance with law and to follow fair business practices with all its stakeholders. These principles being followed since inception, have helped the Company to build credibility with all its stakeholders. The Company has adopted a code of conduct for Members of the Board and Senior Management Personnel. All Directors have affirmed in writing their adherence to the above code.

2) **Board of Directors**

Composition

The Board of Directors currently has a mix of Executive and Non-Executive Directors. The Board comprises one Whole Time Director (the Executive Director) and Six Non-Executive Directors. Two of the Six Non-Executive Directors are Independent Directors.

Except the Executive Director, all other Directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

Board Meetings

During the year 2010-11, the Board met four times on 24th April, 2010, 28th July, 2010, 23rd October, 2010 and 25th January, 2011.

The following table gives the details of Attendance at Board Meetings and last AGM and details of Membership in other Boards and Committee Memberships as on 31st March, 2011.

Name of the Director	Category	No. of Board Meetings Attended	Attendance at the Last AGM	Directorships in other Boards		Committee(s)* Membership (inclusive of Hydro S & S)	
				Directorships	Chairmanships	Memberships	Chairmanships
Mr. V. Srinivasan	NI-NE	4	Yes	5	4	3	1
Mr. Murali Venkatraman	NI-NE	4	Yes	3	—	3	—
Mr. Babulal M. Varma	IN-NE	2	No	Retired at the AGM held on 23-09-2010			
Mr. Narayan Sethuramon	NI-NE	4	Yes	1	—	—	—
Mr. V. Thirupathi	IN-NE	4	Yes	8	1	4	4
Mr. S.K. Subramanyan	NI-EX	4	Yes	—	—	—	—
Mr. Dinshaw K Parakh	NI-NE	3	Yes	3	—	—	—
Mr. G. Balasubramanyan	IN-NE	4	Yes	4	—	2	—

NI – Non Independent NE – Non-Executive EX – Executive IN – Independent

* As required under the Listing Agreement, Memberships / Chairmanships of only Audit Committee and Share Transfer and Investors' Grievances Committee have been included.

Mr. V. Srinivasan, Mr. Murali Venkatraman and Mr. Narayan Sethuramon are related to one another. None of the other Directors are related to one another.

Board Procedure

The Board met once a quarter and the interval between two meetings was not more than four months.

The Board is presented with information on matters pertaining to working of the Company for their consideration and approval, wherever required. Among others, this includes

- operating plans, capital budgets.
- quarterly results of the company.
- risks faced and steps taken to mitigate / minimize the risks, if any.
- minutes of meeting of audit committee and other committees.
- significant developments in the industrial and human relations front.
- materially important show cause, demand and penalty notices and prosecutions, if any.
- materially relevant defaults in financial obligations to and by the company or substantial non payment for goods sold by the company.
- foreign exchange exposure and steps taken by management to limit the risks of adverse exchange rate movement.
- details of any joint venture or collaboration agreement.
- proposals for diversification, investment, disinvestments and restructuring; and
- non-compliance with any regulatory or statutory provision or listing requirements as well as shareholder services.

3) Audit Committee

The Audit Committee of the Company functions under the mandate stipulated under Clause 49 of the Listing Agreement and the Companies Act, which includes reviewing and taking corrective actions as and when required, in consultation with the Internal Auditors.

It now comprises three Non-Executive Directors - two of whom are independent. The Members of the Committee have exposure to Finance, Accounts, Company Law and General Business Practices.

Consequent upon Mr. Babulal M. Varma, a Member of the Audit Committee who retired at the Annual General Meeting held on 23rd September, 2010, the composition of the Audit Committee was reconstituted as under:

- A) Mr. V. Thirupathi, Chairman
- B) Mr. Murali Venkatraman
- C) Mr. G. Balasubramanyan

The terms of reference of the Audit Committee include:

- a) To review financial statements and pre-publication announcements before submission to the Board.
- b) To review the internal audit reports and action taken on the findings.
- c) To apprise the Board of the impact of accounting policies, accounting standards and legislation as applicable to the company.
- d) To hold periodical discussion with statutory auditors on the scope and content of audit.
- e) To review the Company's financial and risk management policies.

Meetings

During the financial year 2010-11, four Audit Committee Meetings were held on 24th April, 2010, 28th July, 2010, 23rd October, 2010 and 25th January, 2011.

Attendance

Name of the Director	No. of Meetings Attended
Mr. V. Thirupathi, Chairman	4
Mr. Babulal M. Varma, Member *	2
Mr. Murali Venkatraman, Member	4
Mr. G.Balasubramanyan, Member	2

* Retired at the Annual General Meeting held on 23rd September, 2010.

4) Remuneration Committee

The Remuneration Committee consists of three Non-Executive Directors, two of whom are Independent.

Consequent upon Mr. Babulal M. Varma, a Member and Chairman of the Remuneration Committee who retired at the Annual General Meeting held on 23rd September, 2010, the composition of the Remuneration Committee was reconstituted as under :

- A) Mr. G.Balasubramanyan, Chairman
- B) Mr. V. Thirupathi
- C) Mr. V. Srinivasan

The scope / role of the Remuneration Committee is to recommend to the Board of Directors, the remuneration payable to the Whole Time Directors / Directors of the Company as and when they come for review.

Meetings

During the financial year 2010-11, one meeting of the Remuneration Committee was held on 23rd October, 2010.

Attendance

Name of the Director	No. of Meetings Attended
Mr. G.Balasubramanyan, Chairman	1
Mr. V. Thirupathi, Member	1
Mr. V.Srinivasan, Member	1

Remuneration of Directors

The compensation of the Whole Time Directors comprises of a fixed component plus commission / incentive. The Whole Time Directors are not paid Sitting fees for any Board / Committee Meetings attended by them.

The Agreements with the Whole Time Directors are contractual in nature. The agreement may be determined at any time by either party giving six months notice in writing without any cause.

There are no stock options available / issued to any Director of the Company.

Details of Sitting fees paid per Meeting to Non-Executive Directors are as follows:

Board Meetings	₹ 5,000/-
Share Transfer and Investors' Grievances Committee Meetings	₹ 2,000/-
Audit Committee Meetings	₹ 7,500/-
Remuneration Committee Meetings	₹ 2,000/-

The details of the remuneration paid / payable to the Directors for the year 2010 -11 together with sitting fees paid and the shareholding held by the Non Executive Directors as on 31st March, 2011 are as under :

Whole Time Director

(in ₹)

Name of the Director	Salary	Commission	Performance Incentive	Perks	Total
Mr. S.K. Subramanyan	663,000	Nil	356,012	1,125,270	2,144,282

Non Executive Directors

Name of the Director	Total Sitting fees paid for Board and Committees (₹)	Commission (₹)	Shares held in the Company (Nos.)
Mr.V.Srinivasan	30,000	Nil	Nil
Mr.Babulal M.Varma	25,000	Nil	Nil
Mr.Murali Venkatraman	58,000	159,085	932300
Mr. V.Thirupathi	52,000	Nil	Nil
Mr.Narayan Sethuramon	20,000	Nil	800000
Mr.Dinshaw K.Parakh	15,000	Nil	56250
Mr.G.Balasubramanyan	37,000	Nil	Nil

No other remuneration is being paid by the Company to any of the Non - Executive Directors other than the sitting fees except Mr.Murali Venkatraman, Vice Chairman to whom Commission @ 1% of the Net Profit is payable. No convertible instruments are held by the Non - Executive Directors.

5) Share Transfer and Investors' Grievances Committee

The Board of Directors has constituted a Share Transfer and Investors' Grievances Committee to approve the share transfers and other investor related matters and also to attend to the investor grievances. The members of the Committee are Mr. V. Srinivasan (Chairman) and Mr.Murali Venkatraman, both of whom are Non-Executive Directors.

The Compliance Officer is Mr. S.K. Subramanyan, Director (Finance & Administration) & Company Secretary.

To expedite the process of Share Transfer, the Board has delegated the power to approve Share Transfers once in a fortnight to Compliance Officer and the same are ratified at the immediately following Share Transfer and Investors' Grievances Committee Meeting.

During the year 2010-11, the Share Transfer and Investors' Grievances Committee met four times on 24th April, 2010, 28th July, 2010, 23rd October, 2010 and 25th January, 2011 and all the meetings were attended by the two members.

The Company confirms that there were no share transfers pending for approval as on 31st March, 2011 and all requests for de-materialization and re-materialization as on that date were confirmed / rejected through NSDL / CDSL system.

Investors' complaints which cannot be settled at the level of the Compliance Officer are forwarded to the Committee for resolution. During the year 2010-11, the Company received 5 complaints from the investors and all of them were resolved to the satisfaction of the investors concerned. As on 31st March, 2011, there are no investor grievances pending for resolution.

6) General Body Meetings

(A) The details of location and time of holding the last three Annual / Extraordinary General Meetings are as under:

1. Annual General Meetings :

Financial Year	Date	Time	Venue
31-03-2010	23-09-2010	10.00 a.m.	Narada Gana Sabha, "Mini Hall" No.314, T.T.K.Road, Chennai - 600 018.
31-03-2009	14-09-2009	10.00 a.m.	Narada Gana Sabha, "Mini Hall" No.314, T.T.K.Road, Chennai - 600 018.
31-03-2008	16-09-2008	4.35 p.m.	Bharatiya Vidya Bhavan, "Main Hall", New No.18 - 22, East Mada Street, Mylapore, Chennai - 600 004.

2. Extraordinary General Meeting :

Date	Time	Venue
13-10-2008	10.00 a.m.	Narada Gana Sabha, "Mini Hall", No.314, T.T.K.Road, Chennai - 600 018.

(B) Details of Special Resolutions passed at the last three Annual / Extraordinary General Meetings:**I. At the Twenty Sixth Annual General Meeting held on 23rd September, 2010.**

Nil

II. At the Twenty Fifth Annual General Meeting held on 14th September, 2009.

Re-appointment of Mr.S.K.Subramanyan as Whole Time Director [Director (Finance & Administration) & Company Secretary] for a period of three years.

III. At the Extraordinary General Meeting held on 13th October, 2008.

Insertion of an Article on Buy-Back of Securities in the Articles of Association of the Company.

IV. At the Twenty Fourth Annual General Meeting held on 16th September, 2008.

Amendment to an Article in the Articles of Association of the Company with regard to Authorised Share Capital.

(C) Postal Ballot:

No Resolution involving Postal Ballot was passed during the last year.

No Special Resolution is proposed to be conducted through Postal Ballot.

(D) A brief resume and name of the companies in which Directors, who are being re-appointed / appointed, hold Directorships / Committee Memberships and Shareholding in the Company are given below:**(i) Mr. G. Balasubramanyan**

Mr.G.Balasubramanyan aged 72 years is a practicing Chartered Accountant and Financial Consultant who has been practising for several decades in Chennai. He is an advisor to several leading Industrial groups. The Company is immensely benefited from his advice on Accounting, Audit and Taxation matters.

The details of other Directorships, Committee Membership and Shareholding in the Company are as under :

Other Directorships	Chairmanship / Directorship	Name of the Committee	Chairmanship / Membership of the Committee
W.S. Industries (India) Limited	Director	Audit committee Remuneration Committee Share Allotment Committee	Member Member Member
Vensunar Holdings Private Limited	Director	—	—
W.S. Insulators Limited	Director	—	—
GBA Consulting Private Limited	Director	—	—
(Shareholding in the Company - Nil)			

(ii) Mr. Murali Venkatraman

Mr.Murali Venkatraman aged 49 years is an Electrical Engineer with a Post Graduate degree in Engineering Management from Standford University, U.S.A. He has been associated with the Board for the last 24 years and is currently the Vice Chairman of the Company.

He is also the Vice Chairman and Managing Director of M/s. W.S.Industries (India) Limited, a leading Company in the Indian Electrical Sector and is on the Board of other Companies. He has been actively involved with Industry / Management Associations both at the national and regional level.

The Company has been greatly benefited by his strategic direction and vision in all spheres of management.

The details of other Directorships, Committee Membership and Shareholding in the Company are as under :

Other Directorships	Chairmanship / Directorship	Name of the Committee	Chairmanship / Membership of the Committee
W.S. Industries (India) Limited	Vice Chairman and Managing Director	Share Transfer and Investors' Grievances Committee	Member
W.S. Test Systems Private Limited	Director	—	—
Southern Tree Farms Limited	Director	—	—
Indian Electrical & Electronics Manufacturers' Association	Member of the Executive Council	—	—
(Shareholding in the Company - 932300)			

7) Disclosures

- ❖ **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their Subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large:**

Transactions with Related Parties have been disclosed in Note No.14 of Schedule 15 forming part of the Audited Accounts. None of the transactions were in conflict with the interests of the Company.

- ❖ **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets, during the last three years:**

No penalties or strictures have been imposed by any regulatory authority on any matter related to capital markets during the last three years.

- ❖ **Code of conduct for prevention of Insider Trading:**

The company has framed a code of conduct for prevention of Insider Trading based on SEBI (Insider Trading), Regulations 1992.

This code is applicable to all Directors and Designated Employees having access to unpublished price sensitive information.

❖ **Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee:**

The Company has not adopted any Whistle Blower Policy. The Company confirms that it has not denied access to any personnel to approach the Management or the Audit Committee on any issue.

❖ **Details of Compliance with mandatory requirements stipulated under Clause 49 of the Listing Agreement and adoption of the non-mandatory requirements:**

The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, except in respect of clause on Composition of Board, where steps have been taken to fill the vacancy consequent to the retirement of a Director. The Company has also complied with non-mandatory requirements to the extent detailed in paragraph 10 of report on Corporate Governance.

8) Means of Communication

1. Quarterly Results : Communicated through advertisement in newspapers.
2. Newspapers wherein results normally published : Business Standard (English) and Thina Boomi (Tamil).
3. Any Website where displayed : www.hssil.com/kyc
www.bseindia.com
4. Any official news release published : No
5. Details of presentation needs to Institutional Investors/Analysts : Nil

The Management's Discussion and Analysis highlighting specific details of the operations has been included in the Directors' Report.

9) General Shareholder Information

- a) **Registered Office** : Dhun Building, III Floor, 827, Anna Salai, Chennai - 600 002
- b) **Annual General Meeting**
 - Day : Thursday
 - Date : 29th September, 2011
 - Time : 10.00 a.m.
 - Venue : Narada Gana Sabha, "Mini Hall", No.314, T.T.K.Road, Chennai – 600 018.
- c) **Financial Year** : 1st April to 31st March
- d) **Financial Calendar for 2011 – 2012 : (tentative schedule)**

First Quarter Results (30th June, 2011)	21st July, 2011
Annual General Meeting (2010-2011)	29th September, 2011
Second Quarter Results (30th September, 2011)	October, 2011
Third Quarter Results (31st December, 2011)	January, 2012
Fourth Quarter Results (31st March, 2012)	April, 2012
Annual General Meeting (2011-2012)	In accordance with Companies Act, 1956.

e) **Date of Book Closure** : 24th September, 2011 to 29th September, 2011 (both days inclusive).

f) **Dividend Payment Date** : Equity Shares - 27th October, 2011.

The dividend, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be paid by the Company as follows:

- i) To those members whose names appear in the Register of Members of the Company after giving effect to all valid transfer of shares in physical form lodged with the Company and its Registrars on or before 23rd September, 2011.
- ii) In respect of shares held in electronic form, to all Beneficial Owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on 23rd September, 2011.

g) Listing on Stock Exchanges **Stock Code**

(a) **Bombay Stock Exchange Limited (BSE)** 524019

(S Group) (Scrip Code 524019)

P.J. Towers, Dalal Street, Mumbai - 400 001.

(b) **Madras Stock Exchange Limited (MSE)** Hydro S & S

"Exchange Building",

No.30, Second Line Beach,

Chennai - 600 001.

The Company's Equity Shares have been permitted for trading in the National Stock Exchange of India Limited (NSE) by virtue of the arrangement with Madras Stock Exchange Limited (MSE).

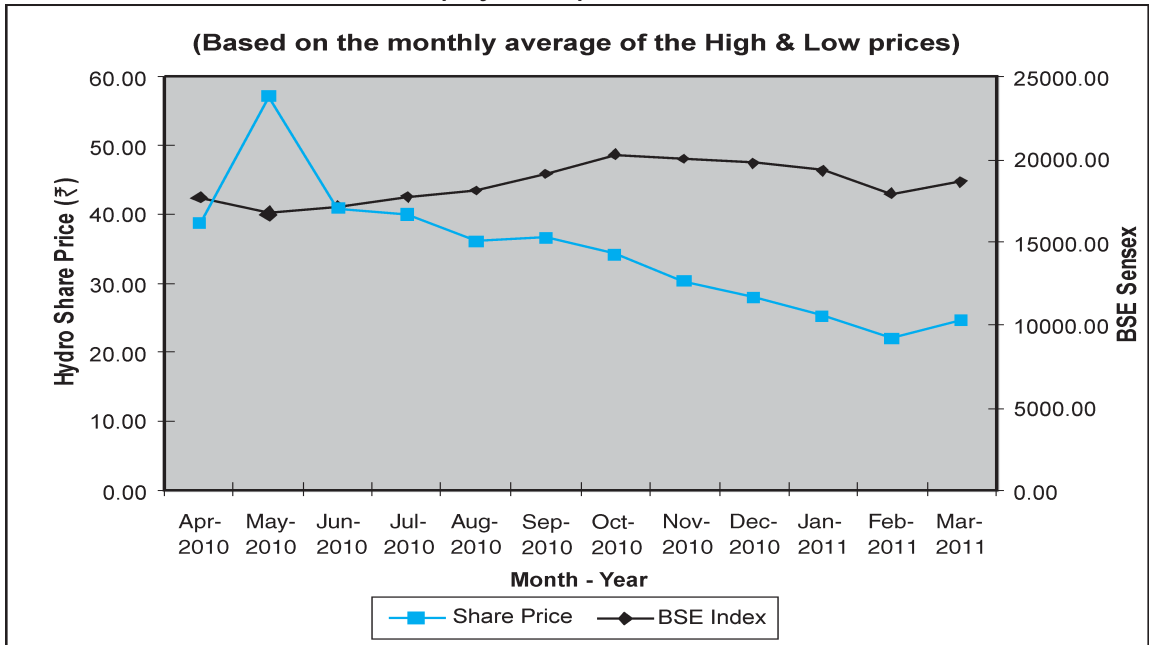
Demat ISIN No. for CDSL and NSDL is INE473D01015.

The Listing fees to BSE and MSE have been paid upto date.

h) Market Price Data - High & Low of Equity Shares of the Company (in ₹)

Month	Year	Bombay Stock Exchange Ltd.		Madras Stock Exchange Ltd.	
		High	Low	High	Low
April	2010	42.80	34.50	No Trading in 2010 - 2011	
May	2010	75.40	38.75		
June	2010	46.45	35.60		
July	2010	42.90	37.30		
August	2010	39.85	32.60		
September	2010	40.50	33.25		
October	2010	36.00	32.65		
November	2010	35.00	26.00		
December	2010	30.85	25.00		
January	2011	28.60	22.25		
February	2011	25.30	19.10		
March	2011	29.45	20.10		

i) Performance of Share Price of the Company in comparison to BSE Sensex



j) Registrar & Share Transfer Agent : M/s. Integrated Enterprises (India) Limited,
 Unit: Hydro S & S Industries Limited
 2nd Floor, Kences Towers, No. 1, Ramakrishna Street,
 North Usman Road, T. Nagar, Chennai : 600 017
 Phone Nos: 0091-44-28140801 - 03
 Fax No. 0091-44-28142479
 E-Mail : corpseiv@iepindia.com
 Contact Person : K. Suresh Babu, Vice President

- k) Share Transfer System :
1. Transfer of the shares held in electronic form are done through the depositories by the share transfer agent.
 2. Transfer of shares in the physical form are done once in a fortnight.
 3. The power to approve the transfer, transmission and other Share Certificate related matters has been delegated by the Board to Compliance Officer and his action is ratified at the next Share Transfer and Investors' Grievances Committee Meeting.
 4. Certificate under Clause 47(c) of the Listing Agreement is obtained from a Practising Company Secretary every six months confirming the transfer, transmission etc. of equity shares within one month of their lodgement and sent to Bombay Stock Exchange and Madras Stock Exchange.

5. As stipulated by SEBI, an audit is conducted on a quarterly basis reconciling the admitted equity share capital with the shares in electronic and physical form and Certificate issued in this regard by Practising Company Secretary is forwarded to Bombay Stock Exchange and Madras Stock Exchange.

l) Distribution of Shareholding and Shareholding Pattern as on 31-03-2011.

i) Distribution of Shareholding

Category	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
Upto 2500	4429	97.47	1086415	16.96
2501 - 5000	51	1.12	187918	2.93
5001 - 10000	30	0.66	214649	3.35
10001 - 20000	14	0.31	194670	3.04
20001 - 30000	8	0.18	201290	3.14
30001 - 40000	2	0.04	62947	0.98
40001 - 50000	1	0.02	45000	0.70
50001 - 100000	2	0.04	152439	2.38
100000 & above	7	0.15	4261876	66.52
Total	4544	100.00	6407204	100.00

ii) Shareholding Pattern

Category	Voting Strength (Percentage)	Number of Shares held
Promoters	66.50	4260600
Non-Resident Individuals / OCBs	1.23	78948
Foreign Institutional Investors	—	—
Bodies Corporate	7.10	454785
FIs/Mutual Funds/Banks	0.00	200
Resident Individuals	24.59	1575436
Others (Clearing Member & Trusts)	0.58	37235
Total	100.00	6407204

m) Dematerialisation of Shares & liquidity

As on March 31, 2011, 95.80% of the Company's total equity shares representing 6137761 shares were held in dematerialised form and the balance 4.20% representing 269443 shares in the physical form.

n) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity — Nil**o) Plant Locations**

Plot No.15C, SIPCOT Industrial Complex, Pudukkottai - 622 002. — Reinforced Thermoplastic Compounds

RS No.38/1, Sedarapet Industrial Area, Sedarapet, Puducherry - 605 111. — Reinforced Thermoplastic Compounds

G 34, Addl. Jejuri Industrial Area Jejuri, Tal. Purandar, Pune – 412 303. — Reinforced Thermoplastic Compounds

RS No.15/15, Vazhdavur Road, Kurumbapet, Puducherry - 605 009. — FRP Pultruded Profiles

p) Address for Correspondence

- (i) Share related matters — M/s.Integrated Enterprises (India) Limited
Unit: Hydro S & S Industries Limited
2nd Floor, Kences Towers, No. 1, Ramakrishna Street,
North Usman Road, T. Nagar, Chennai - 600 017.
Phone Nos: 0091-44-28140801 - 03
Fax No. 0091-44-28142479
E-Mail : corpserv@iepindia.com
Contact Person : K. Suresh Babu, Vice President
- (ii) Other matters — Director (Fin. & Admn.) & Co. Secy.,
Hydro S & S Industries Limited
Dhun Building, III Floor, 827, Anna Salai, Chennai - 600 002.
Phone Nos: 0091-44-28521736 (4 lines)
Fax No. 0091-44-28520420
E-Mail : secretarial@hssil.com

q) Green Initiative

The Company is in the process of implementing the "Green Initiative" as per the circulars issued by the Ministry of Corporate Affairs (MCA) during April and May 2011 to enable electronic delivery of Notices of the Annual General Meeting, Annual Report, documents and such other communication to the Shareholders of the Company.

10. Non Mandatory Requirements**a) The Board**

- | | |
|--|------------------|
| (i) Expenditure relating to Non-Executive Chairman | — Nil |
| (ii) Restriction on the tenure of Independent Director | — Not stipulated |
| (iii) Qualification and experience of Independent Director | — Complied with |

b) Remuneration Committee

— Complied with

c) Shareholder Rights –

Communication of half yearly financial performance to Shareholders — Not yet adopted

ANNEXURE - C TO DIRECTORS' REPORT**Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements.**

1. We have examined the Compliance with the conditions of Corporate Governance by Hydro S & S Industries Limited (the Company) for the year ended March 31, 2011 with the relevant records and documents maintained by the Company and furnished to us for our examination and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance with the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the Compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and explanations given to us and based on our above examination, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges, except in respect of clause on Composition of Board, where we are informed that steps have been taken to fill the vacancy consequent to the retirement of a Director.
4. We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and presented to the Shareholders/Investor Grievances Committee.
5. We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For M/s. P. SRINIVASAN & Co.,
Chartered Accountants

Place : Chennai
Date : 21st July, 2011

CA. P. SRINIVASAN
Partner
Membership No. : 2090
FRN. 004054S

ANNEXURE - D TO DIRECTORS' REPORT

Certificate to the Board of Directors of Hydro S & S Industries Limited

The Audited Financial Statements and Cash Flow Statements of the Company for the year ended 31st March, 2011 have been reviewed and we certify to the best of our knowledge and belief that:

1. The Financial Statements and the Cash Flow Statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. The statements referred to above present a true and fair view of the state of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
3. We have not noticed any transaction entered into by the Company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
4. The Internal Control Systems of the Company have been evaluated for their effectiveness and have been found to be in order.
5. We have apprised the Auditors and the Audit Committee of the following:
 - i) there are no significant changes in the internal controls during the year;
 - ii) there are no significant changes in the accounting policies during the year which are to be disclosed in the notes to the financial statements;
 - iii) there is no instance of significant fraud pertaining to the financial statements.

The above statements are given by the undersigned with full knowledge that same is being relied upon by the Board of Directors of the Company and we undertake full responsibility of the same.

for HYDRO S & S INDUSTRIES LIMITED,

S.K. SUBRAMANYAN
WHOLE TIME DIRECTOR AND CFO

ANNEXURE - E TO DIRECTORS' REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

A) INTRODUCTION

This report is to reflect the Management's perception of the current business environment, the challenges faced and the opportunities available to the Company as well as analyze the performance during the year under review. The report below also summarizes the Company's control measures and developments on the Human Resources front. It should be read in conjunction with the Director's Report to the Shareholders, Financial Statements and Notes thereon included elsewhere in this Annual Report.

B) BUSINESS SCENARIO

The sluggish market conditions carried over from the previous year well into the first quarter. Input costs continued to be at a high. PP, the major input continued to be volatile with distinctly upward spikes in pricing. PP price remained steady between July - Dec 2010 period but shot up by over 12-13% in the last quarter. Domestic demand for cars grew steadily and remained strong during the year. However, some of the small cars had volatility in production leading to anomalies in purchase of material.

The overall increase in demand is reflected in the sales for the year which shows an increase of 21% year on year.

C) COMPANY PERFORMANCE

The year 2010-2011 started on a positive note with increased vehicle production and start up having stabilised at the new plant at Saanand for NANO Production. Since NANO Production was to peak by Q2 of 2010-2011, the Company added a new line with a capacity of 6000T at Jejuri, Pune in expectation of this projection.

Some key performance highlights are detailed below :

1) **Operations**

The Company's net sales represent an increase of over 28% in value terms over the previous year. The volumes increased by 21%. The sales would have been even higher if the production of Nano's were as per projections. The new line at Jejuri plant is running satisfactorily.

The Company successfully implemented a VRS Scheme in Pudukottai. This would greatly improve manpower efficiency across the facility. Power situation in Pudukottai showed no improvement. There has also been a delay by MSEB to provide additional power for the new line at Jejuri which is being resolved.

2) **Quality Initiatives**

Attention was given to optimizing formulations and manufacturing consistency so as to maintain product quality and improving overall efficiency. This was quite effective in maintaining our overall cost.

3) **Technology Upgradation**

A new line was commissioned at Jejuri to meet the demands of the customers in West. Quality of our compounds with respect to enhanced performance requirements was established at the Application Development Centre in Puducherry.

4) **HR & IR**

Initiatives to maintain and improve efficiency and productivity were continued in Pudukottai and Puducherry. We were able to implement the VRS in Pudukottai successfully.

Training and reviews to continuously improve our response to market needs remained part of the Company's focus throughout the year.

5) Business Initiatives

Company continued its efforts on spreading its business across all the OEM's. Over the last 2 years, we have added additional OEM's to our portfolio and are hence better placed to absorb swings in the market place.

NANO volumes have improved considerably in Q4 of this financial year and we are hopeful that the volumes would go up even further in the coming year. We are also present in the scheduled new launches of Indian and Transnational OEM's for the year. Your company is well positioned to ride with the new models scheduled for launch this year.

Trading activity more than doubled the volumes in 2010-2011 and are well placed to repeat the strong performance for the coming year too.

D) ENTERPRISE RISK ANALYSIS AND ITS MANAGEMENT

Like most industries, the company is also exposed to Business, Asset and Financial risks. Business risks include cyclical nature of demand for the company's products depending on the ability of the consumer to spend which is dependent on continued growth in the Indian economy, adequate allocation of Government funds for road and highway development, more "global" design concepts to be used in the new models proposed to be launched by the car and commercial vehicle companies, continued positive climate for foreign investment in the country etc. There is also a need for continuous process and product upgradation to face the challenges of competition. All these risks are continuously addressed and acted upon in the various management review processes.

Asset risk includes threat to physical assets through accidents, natural and unnatural calamities etc. There is a system of continuous evaluation of insurance covers so as to cover both conventional and specific risks peculiar to its business, in an adequate manner.

With reference to foreign currency risks, volatility of the Indian Rupee against the US Dollar challenged the management of currency exposure. The company will continue to take steps to cover the imports at appropriate favorable levels in accordance with the "Forex Risk Management Process" in place.

Your Company exposure to the passenger auto segment with potential risks of recession resulting in reduced domestic car production and sales has been considered in our future plans for developing alternate markets like appliances and masterbatches for packaging segment as well as identification of other segments which will have less volatility in volumes and pricing pressure. The opportunity to participate in the increasing production of cars for global markets requires greater degree of sophistication in the development of compounds to meet stringent specifications. Besides the Company is also exploring newer uses of its compounds in other automotive sectors. Your company is confident of rising up to this challenge and is taking appropriate steps to equip itself with the necessary tools for this purpose.

E) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Management review process periodically addresses the various issues that directly influence the business to take strategic decisions as well as course corrections to ensure both the Company's and the stake-holders' interests are protected.

The Company's systems and internal controls address the following:

- Optimization of Operations.
- Protection and Conservation of Resources.
- Accuracy and timely reporting of financial information and compliance with statutes.

The Organizational hierarchy is clearly defined with adequate responsibility and delegation of authority to take decisions and implement the same in a time-bound manner.

The Internal Audit is carried out by a firm of professional Auditors and the Audit observations are acted upon periodically after their review at the Management level.

The Audit Committee of the Board of Directors reviews the Internal Audit reports and also addresses the various aspects of the Company's functioning as required under SEBI and Company Law guidelines.

F) FINANCIAL PERFORMANCE

Revenues

The Sales Revenue of the Company grew by 28% over the previous year even though volumes grew by 21%. Trading volumes more than doubled during the year, reflecting appropriately on the top-line.

The Pultrusion Division performance was below the previous year and have been impacted by Sustained competition for end products from international competitors.

Input Costs

Whilst the prices of Polypropylene remained firm during the first half of the financial year, the last quarter of the year witnessed very high spiking.

Besides the PP prices, prices of various other ingredients like Additives, Elastomers & Pigments have also been in the uptrend, in view of the severe international shortage of base chemicals. However, the overall Input cost efficiency improved by optimizing formulations and use of multiple sourcing.

The higher usage of self-generation to meet the increased production volumes, besides not being able to derive the full benefit of the wind power produced on account of the power cut in Tamil Nadu, resulted in higher power outlay. With regard to the outgo on account of the VRS Scheme, in line with the Income Tax Act, only 1/5th of the sum has been charged to the current year's account and the balance is being carried forward.

Financial Costs

The continuous hardening of interest rates during the year resulted in higher outgo during the year. Besides, usage of working capital funds was more to meet the higher level of activity during the year all of which resulted in increase under this head.

Further the Company had also borrowed to partly meet cost of putting up an additional line at Jejuri.

The Company continues to optimally use Buyer's Credit funds for Working Capital.

Rating Agency ICRA Ltd., maintained its short term A2+ rating of the Company and reaffirmed the long term rating at LBBB for the captioned line of credit in view of the turnaround achieved by the Company over the last two years.

G) ONGOING INITIATIVES AND FUTURE OUTLOOK

- a) The improving trend in offtake of vehicles, if sustained, resulting in volume increases and management of supply chain and logistics should help in bettering margins during the current year subject of course to the price behaviour of Polypropylene and other crude oil based inputs.
- b) New commercial vehicles call for increased usage of interior parts in PP compounds and your Company is already working with major companies in this segment to benefit from this approach.
- c) Control of receivables and inventory and improved process efficiency, should also contribute to the reduction of working capital requirement leading to a reduction in interest costs.

Cautionary Statement

Statements in the Management's Discussion and Analysis Report describing the Company's projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in Government regulations, tax regimes, economic developments within the country and other factors such as litigation and labour negotiations.

ANNEXURE - F TO DIRECTORS' REPORT

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a code of conduct for the members of its Board and Senior Management Personnel. I confirm that the Company has, in respect of the Financial year ended 31st March, 2011, received from the members of the Board and Senior Management Team of the Company, a declaration of compliance with the code of conduct as applicable to them.

Place : Chennai

Date : 21st July, 2011

S.K. SUBRAMANYAN

Whole Time Director

ANNEXURE - G TO DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors do hereby state in good faith:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) that the company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) that the company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the company has prepared the annual accounts on a "going concern" basis.

REPORT OF THE AUDITORS TO THE MEMBERS OF HYDRO S&S INDUSTRIES LIMITED

We have audited the attached Balance sheet of M/s. Hydro S&S Industries Limited as at 31st March 2011, the Profit and loss account and also 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.

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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 224(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
- 2) Further to our comments in the Annexure referred to in the paragraph above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) 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.
 - c) The Balance sheet, Profit and loss account and the Cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance sheet, Profit and loss account and the 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, as they apply to the company.
 - e) On the basis of written representations received from the directors as at 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of section 274 (1)(g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said 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 :
 - i in the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2011;
 - ii in the case of the Profit and loss account, of the profit of the company for the financial year ended on that date; and
 - iii in the case of the Cash flow statement, of the cash flows for the financial year ended on that date.

For M/s. P. SRINIVASAN & Co.
Chartered Accountants

Place : Chennai
Date : 21st July, 2011

CA. P. SRINIVASAN
Partner
Membership No. : 2090
FRN. 004054S

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management at the end of the financial year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) In our opinion, the fixed assets disposed off during the year, do not constitute a substantial part of the fixed assets of the company and such disposal has not affected the going concern status of the company.
- ii) a) As explained to us, the inventories held by the Company were physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii) a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained u/s 301 of the Act.
- b) The company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained u/s 301 of the Act.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the Company, there is no continuing failure to correct major weaknesses in the aforesaid internal control system of the company.
- v) a) The entries relating to particulars of contracts or arrangements referred to in section 301 of the Act have been made in the register required to be maintained under that section; and
- b) In our opinion and to the best of our knowledge and belief, wherever applicable the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of sections 58 A and 58 AA or any other relevant provisions of the Act and the rules framed thereunder are applicable.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) As explained to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.

- ix) According to the records of the Company,
- (a) the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duties and cess and any other statutory dues applicable to it, with the appropriate authorities during the year.
 - b) there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except the following:
 - (i) Income tax of Rs.16.94 lakhs disputed in appeal preferred by the Company, pending before the first income tax appellate authority.
 - (ii) Customs duty of Rs.26.78 lakhs and service tax of Rs.5.56 lakhs disputed in appeals preferred by the Company, pending before the first appellate authority.
- x) The Company did not have accumulated losses at the end of the financial year i.e. 31.03.2011. The Company did not incur cash loss in this financial year and in the preceding financial year ended 31.03.2010.
- xi) On the basis of records produced, the Company has not defaulted in repayment of the dues to any financial institution or bank during the financial year.
- xii) As per the records maintained, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of Special statute applicable to chit, nidhi, mutual fund / societies are not applicable to the Company.
- xiv) On the basis of records maintained and in our opinion, the Company does not deal or trade in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) As per the information and explanations given to us, term loans have been applied for the purpose for which these term loans were obtained.
- xvii) In our opinion, based on the information and explanations given to us and on an overall examination of the books and records of the company, the funds raised on short term basis prima facie have not been used for long term investments. No long term funds have been used to finance short-term assets.
- xviii) The company has not made any preferential allotment of shares during the financial year to any party.
- xix) The company has not issued any debentures during the financial year.
- xx) The company has not raised any money by public issues during the financial year.
- xxi) On the basis of the audit procedures carried out and information and explanations given by the management, we state that no fraud on or by the Company has been noticed or reported during the course of our audit.

For M/s. P. SRINIVASAN & Co.
Chartered Accountants

Place : Chennai
Date : 21st July, 2011

CA. P. SRINIVASAN
Partner
Membership No. : 2090
FRN. 004054S

BALANCE SHEET AS AT MARCH 31, 2011

(₹ in 000's)

	Schedule No.	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS:			
Shareholders' Funds			
Capital	1	64,097	64,097
Reserves and Surplus	2	184,817	178,818
		<u>248,914</u>	<u>242,915</u>
Loan Funds			
Secured Loans	3	425,571	351,268
Unsecured Loans	4	2,009	1,801
		<u>427,580</u>	<u>353,069</u>
Deferred Tax Liability	5	32,516	33,116
TOTAL		<u><u>709,010</u></u>	<u><u>629,100</u></u>
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	6	523,263	494,517
Depreciation to-date		<u>210,302</u>	<u>184,560</u>
Net Block		312,961	309,957
Capital Work-In-Progress		<u>5,302</u>	<u>4,438</u>
		<u>318,263</u>	<u>314,395</u>
Investments	7	2,416	9,123
Current Assets, Loans and Advances:			
Inventories	8	210,674	154,767
Sundry Debtors		345,292	244,124
Cash and Bank Balances		11,899	10,807
Loans and Advances		<u>53,538</u>	<u>46,883</u>
Sub-total		<u>621,403</u>	<u>456,581</u>
Current Liabilities and Provisions:			
Liabilities	9	222,969	148,565
Provisions		<u>10,103</u>	<u>2,434</u>
Sub-total		<u>233,072</u>	<u>150,999</u>
Net Current Assets		<u>388,331</u>	<u>305,582</u>
TOTAL		<u><u>709,010</u></u>	<u><u>629,100</u></u>

NOTES ON ACCOUNTS

15

As per our Report of even date
For M/s. P. SRINIVASAN & Co.
Chartered Accountants

CA. P. SRINIVASAN
Partner
Membership No. : 2090
FRN. 004054S
Place: Chennai
Date : 21st July, 2011

CA. G. BALASUBRAMANYAN
Chairman of the Meeting

MURALI VENKATRAMAN
Vice-Chairman

CA. S.K. SUBRAMANYAN
Director (Fin & Admn.) & Co. Secy.

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

	Schedule No.	Current Year	(₹ in 000's) Previous Year
INCOME			
Sales		1,542,753	1,185,159
Less: Excise Duty		145,644	93,009
Net Sales		1,397,109	1,092,150
Other Income	10	5,268	3,577
Total		1,402,377	1,095,727
EXPENDITURE			
Cost of Goods sold	11	1,139,168	880,426
Employee Cost	12	64,050	53,573
Other Costs	13	107,690	90,586
Interest & Finance Charges	14	51,516	47,526
Total		1,362,424	1,072,111
Profit before Depreciation		39,953	23,616
Depreciation		26,873	25,768
Profit / (Loss) for the year		13,080	(2,152)
Taxation - Current Tax		3,200	—
- Deferred Tax		(600)	(2,000)
		2,600	(2,000)
Profit / (Loss) after tax		10,480	(152)
Surplus brought forward		14,484	15,668
Balance available for Appropriation		24,964	15,516
Appropriations:			
Transfers to			
General Reserve		10,000	—
Special General Reserve		250	—
Capital Redemption Reserve		—	1,032
Proposed Dividend:			
On Equity Shares		3,844	—
Tax on distributable profits		638	—
Surplus carried forward		10,232	14,484
		24,964	15,516
Basic/Diluted Earnings per Equity Share of ₹10/- each (Note B11 of Schedule 15) (₹)		1.64	(0.02)

NOTES ON ACCOUNTS 15

As per our Report of even date
For M/s. P. SRINIVASAN & Co.
Chartered Accountants

CA. P. SRINIVASAN
Partner
Membership No. : 2090
FRN. 004054S
Place: Chennai
Date : 21st July, 2011

CA. G. BALASUBRAMANYAN
Chairman of the Meeting

MURALI VENKATRAMAN
Vice-Chairman

CA. S.K. SUBRAMANYAN
Director (Fin & Admn.) & Co. Secy.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

		(₹ in 000's)	
		Current Year	Previous Year
A. Cash Flow arising from Operating Activities			
Net Profit before Tax and Extraordinary Items		13,080	(2,152)
Add:	a) Depreciation charge	26,873	25,768
	b) Amount written off against leasehold land	36	109
	c) Interest charge	51,516	47,526
	d) Loss on sale of fixed asset	4	26
		<u>78,429</u>	<u>73,429</u>
		91,509	71,277
Deduct :	a) Dividend Income	294	557
	b) Profit on sale of fixed assets	128	167
	c) Interest received	793	951
		<u>1,215</u>	<u>1,675</u>
Operating Profit before Working Capital Changes		90,294	69,602
Add:	a) Increase in Trade payables	74,391	16,366
	b) Decrease in Trade and Other Receivables	—	—
	c) Decrease in inventories	—	3,979
		<u>74,391</u>	<u>20,345</u>
		164,685	89,947
Deduct :	a) Increase in Inventories	55,907	—
	b) Increase in Trade and Other Receivables	106,254	36,742
		<u>162,161</u>	<u>36,742</u>
		2,524	53,205
Deduct:	Direct Taxes Paid	1,569	—
Net Cash Inflow from Operating Activities		<u>955</u>	<u>53,205</u>
B. Cash Flow arising from Investing Activities			
Inflow:	a) Disposal of Fixed Assets	416	838
	b) Dividend received	294	557
	c) Interest received	793	951
	d) Redemption of Investments	8,500	17,100
		<u>10,003</u>	<u>19,446</u>
Outflow:	a) Acquisition of Fixed Assets	31,068	12,598
	b) Purchase of Investments	1,794	3,057
	c) Buy Back of Shares	—	3,697
		<u>32,862</u>	<u>19,352</u>
Net Cash Outflow in the course of Investing Activities		<u>(22,859)</u>	<u>94</u>

		Current Year	Previous Year
		(₹ in 000's)	
C. Cash Flow arising from Financing Activities			
Inflow:	a) Increase in Long Term Borrowings	40,157	1,337
	b) Increase in Hire Purchase Finance	1,324	1,036
	c) Increase in Working Capital Borrowings	76,616	1,413
		<u>118,097</u>	<u>3,785</u>
Outflow:	a) Repayment of Long Term Borrowings	42,470	8,739
	b) Repayment of Hire Purchase Finance	1,116	1,627
	c) Interest paid	51,516	47,526
		<u>95,102</u>	<u>57,892</u>
Net Cash Inflow in the course of Financing Activities		<u>22,995</u>	<u>(54,107)</u>
Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C)		1,092	(808)
Add: Cash / Cash Equivalent at the beginning of the year		<u>10,807</u>	<u>11,615</u>
Cash/Cash Equivalent at the close of the year		<u>11,899</u>	<u>10,807</u>

As per our Report of even date
For M/s. P. SRINIVASAN & Co.
Chartered Accountants

CA. P. SRINIVASAN
Partner
Membership No. : 2090
FRN. 004054S

CA. G. BALASUBRAMANYAN
Chairman of the Meeting

MURALI VENKATRAMAN
Vice-Chairman

Place : Chennai
Date : 21st July, 2011

CA. S.K. SUBRAMANYAN
Director (Fin & Admn.) & Co. Secy.

SCHEDULES TO ACCOUNTS

	As at 31-03-2011	(₹ in 000's) As at 31-03-2010
1. SHARE CAPITAL		
Authorised		
18,000,000 Equity Shares of ₹10/- each	180,000	180,000
300,000 16% Cumulative Redeemable Preference Shares of ₹100/- each	30,000	30,000
	<u>210,000</u>	<u>210,000</u>
Issued, Subscribed and Paid up		
6,407,204(6,510,408) Equity Shares of ₹10/- each fully paid up	64,072	65,104
Less: Buy Back of Equity Shares -Nil (1,03,204) Equity Shares of ₹10/- each	—	1,032
6,407,204 Equity Shares of ₹10/- each fully paid up	64,072	64,072
Forfeited shares	25	25
	<u>64,097</u>	<u>64,097</u>
2. RESERVES AND SURPLUS		
Capital Reserve:		
Subsidy received from SIPCOT, Tamil Nadu	1,977	1,977
Capital Redemption Reserve:		
As per last Balance Sheet	8,684	7,652
Add: Transferred during the year being nominal value of Equity Shares bought back	—	1,032
	<u>8,684</u>	<u>8,684</u>
Securities Premium Account:		
As per last Balance Sheet	51,648	54,313
Less: Utilised towards Buy Back of Equity Shares	—	2,665
	<u>51,648</u>	<u>51,648</u>
General Reserve:		
As per last Balance Sheet	98,126	98,126
Add: Transferred during the year	10,000	—
	<u>108,126</u>	<u>98,126</u>
Special General Reserve:		
As per last Balance Sheet	3,900	3,900
Add: Transferred during the year	250	—
	<u>4,150</u>	<u>3,900</u>
Surplus : Balance in Profit and Loss Account	10,232	14,484
	<u>184,817</u>	<u>178,818</u>

	As at 31-03-2011	(₹ in 000's) As at 31-03-2010
3. SECURED LOANS		
From Banks		
- Cash Credit	247,394	169,737
- Buyer's Credit in Foreign Currency	47,326	48,367
- Rupee Term Loans	<u>130,851</u>	<u>133,164</u>
	<u>425,571</u>	<u>351,268</u>

4. UNSECURED LOANS

Hire Purchase Finance	<u>2,009</u>	<u>1,801</u>
	<u>2,009</u>	<u>1,801</u>

5. DEFERRED TAX**a) Deferred Tax Liabilities**

On fiscal allowance on fixed assets	49,681	50,533
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b) Deferred Tax Assets

Unabsorbed Fiscal Allowance	16,522	16,774
Employee benefits	643	643
Net	<u>32,516</u>	<u>33,116</u>

6. FIXED ASSETS

(₹ in 000's)

DESCRIPTION OF ASSET	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01-04-2010	Additions	Deletions / Adjustments	As at 31-03-2011	Upto 01-04-2010	For the year	With drawings	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
Freehold Land	2,094	—	—	2,094	—	—	—	—	2,094	2,094
Buildings	113,222	1846**	—	115,068	17,715	3,788	—	21,502	93,566	95,507
Leasehold Land	3,602	—	36*	3,566	—	—	—	—	3,566	3,602
Plant & Machinery	285,603	20,771	—	306,374	124,086	16,543	—	140,629	165,745	161,517
Plant & Machinery Research & Development	29,732	2,420	—	32,152	12,038	1,252	—	13,291	18,861	17,694
Electrical Installations	27,068	2,327	283	29,112	10,419	2,287	231	12,475	16,637	16,649
Furniture Fixtures and Office Equipments	26,514	1,777	278	28,013	17,089	2,122	267	18,944	9,069	9,425
Vehicles	6,682	1,063	862	6,883	3,214	881	633	3,461	3,422	3,468
Sub - Total	494,517	30,204	1,459	523,263	184,561	26,873	1,131	210,302	312,961	309,957
Capital Work in Progress	4,438	2,935	2,071	5,302	—	—	—	—	5,302	4,438
GRAND TOTAL	498,955	33,139	3,530	528,566	184,561	26,873	1,131	210,302	318,263	314,395
Previous Year's Total	490,072	18,563	8,713	499,920	161,699	25,767	1,943	185,525	314,395	328,373

* Refer Note No.15A(iv to vi and x)

** Includes ₹ 217 towards R & D Block

	As at 31-03-2011	(₹ in 000's) As at 31-03-2010
7. INVESTMENTS (AT COST)		
Long Term / (Non-trade)		
a) Quoted		
198922.634 (867528.958) units of HDFC Floating Rate Income Fund	1,996	8,703
	<u>1,996</u>	<u>8,703</u>
Aggregate Amount	1,996	8,703
	<u>1,996</u>	<u>8,703</u>
Aggregate market value	1,996	8,703
b) Unquoted		
42,000 Equity Shares of ₹ 10/- each fully paid up in S&S Minerals Limited	420	420
	<u>420</u>	<u>420</u>
Aggregate Amount	420	420
	<u>420</u>	<u>420</u>
Total	<u>2,416</u>	<u>9,123</u>

8. CURRENT ASSETS, LOANS AND ADVANCES :**a) Inventories**

Stores and Spares	7,038	5,117
Materials in Transit	16,504	5,918
Materials in Bond	4,148	16,032
Raw & Packing Materials & Components	115,333	78,176
Work-In-Progress	2,779	6,242
Finished Goods	64,872	43,282
	<u>210,674</u>	<u>154,767</u>

b) Sundry Debtors : (Considered good and for which the Company holds no security other than the debtors' personal security)

Debts outstanding for a period exceeding six months	10,013	4,806
Other debts	341,082	243,374
	<u>351,095</u>	<u>248,180</u>
Less: Provision for Doubtful Debts	5,803	4,056
	<u>345,292</u>	<u>244,124</u>

	As at 31-03-2011	(₹ in 000's) As at 31-03-2010
c) Cash and Bank balances :		
Cash on hand	154	229
Balances with Scheduled Banks:		
Current accounts	181	245
Deposit accounts	11,115	9,827
Dividend accounts	449	506
	<u>11,899</u>	<u>10,807</u>
d) Loans and Advances :		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	24,932	22,268
Deposits	3,961	4,289
Advance Income Tax and tax deducted at source	7,067	5,497
Balance with Central Excise department etc.,	17,578	14,829
	<u>53,538</u>	<u>46,883</u>

9. CURRENT LIABILITIES AND PROVISIONS :

a) Current Liabilities :

Sundry Creditors		
Total outstanding		
: Total outstanding dues of micro, small and medium enterprises	—	—
: Total outstanding dues of creditors other than micro, small and medium enterprises	198,873	126,210
Unclaimed dividends	447	504
Other Liabilities	23,649	21,851
	<u>222,969</u>	<u>148,565</u>

b) Provisions :

Taxation - Current Tax	4,844	1,644
- Fringe Benefit Tax	777	790
Proposed Dividend		
On Equity Shares	3,844	—
Tax on distributable profits	638	—
	<u>10,103</u>	<u>2,434</u>

	Current Year	(₹ in 000's) Previous Year
10. OTHER INCOME		
Scrap Sales	582	527
Income from Non-trade Long Term Investments Dividend from Mutual Fund	294	557
Interest Received [Income tax deducted at source - ₹ 70 (121)]	793	951
Commission Received	3,471	1,375
Profit on Sale of Fixed Assets	128	167
	<u>5,268</u>	<u>3,577</u>

11. COST OF GOODS SOLD**Raw & Packing Materials Consumed**

Opening Stock	100,126	95,797	
Purchases	1,183,982	858,922	
	<u>1,284,108</u>	<u>954,719</u>	
Closing Stock	135,985	100,126	
Consumption	1,148,123		854,593

Cost of Trading Goods Sold

Purchases	9,172		17,521
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(Increase) / Decrease in Stocks

Opening Stock			
Finished Goods	43,282	41,577	
Work-In-Progress	6,242	15,053	
Trading Goods	—	1,206	
	<u>49,524</u>	<u>57,836</u>	
Closing Stock			
Finished Goods	64,872	43,282	
Work-In-Progress	2,779	6,242	
Trading Goods	—	—	
	<u>67,651</u>	<u>49,524</u>	
(Increase) / Decrease in Stocks	(18,127)		8,312
	<u>1,139,168</u>		<u>880,426</u>

	Current Year	(₹ in 000's) Previous Year
12. EMPLOYEE COSTS		
Salaries, Wages, Bonus	50,364	43,117
Remuneration to Directors	2,304	1,860
Contributions to:		
Provident Fund, ESI, etc.	4,155	3,451
Superannuation Fund	551	491
Gratuity Fund	1,124	312
Staff Welfare Expenses	5,552	4,342
	<u>64,050</u>	<u>53,573</u>

13. OTHER COSTS

Stores and Spares consumed	593	631
Power, Fuel and Water	21,373	17,278
Rent	3,509	3,202
Insurance	2,572	2,646
Repairs and Maintenance		
Buildings	1,253	484
Plant and Machinery	9,120	5,812
Others	7,311	7,266
Rates and Taxes	1,601	1,544
Vehicle Maintenance	1,396	1,432
Communication Expenses	2,453	2,278
Travelling and Conveyance	7,907	6,253
Professional & Consultancy Charges	3,936	4,269
Freight Outwards	27,260	18,251
Bad debts and Advances written off	381	35
Remuneration to Auditors	200	200
Research and Development	3,479	3,460
Loss on sale / discard of fixed assets	4	26
Provision for Doubtful Debts	1,746	2,490
Miscellaneous Expenses	11,596	8,674
	<u>107,690</u>	<u>90,586</u>

14. INTEREST & FINANCE CHARGES

Fixed loans	17,924	18,140
Other loans	29,928	25,973
Bank Charges	3,664	3,413
	<u>51,516</u>	<u>47,526</u>

15 NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

A. SIGNIFICANT ACCOUNTING POLICIES :

(i) Accounting Convention :

The financial statements are prepared under historical cost convention on Accrual basis of accounting to comply with the Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

(ii) Use of Estimates :

In the preparation of financial statements, certain estimates and assumptions are made by the management to conform with the generally accepted accounting principles. The actual results could differ from these estimates.

(iii) Revenue Recognition :

Revenue is recognised as under :

- a) Sales: On despatch of the product to the customers which generally coincides with transfer of ownership. Sales are inclusive of excise duty and net of discounts.
- b) Interest: On a time proportion basis taking into account the amount outstanding and the rate applicable.
- c) Dividends: When the Company's right to receive payment is established.

(iv) Fixed Assets :

- a) Fixed assets are capitalised at the acquisition cost (viz.) purchase price, import duties, levies and expenses and costs directly attributable for bringing the assets to its working condition for intended use.

- b) Capital work-in-progress represents expenditure incurred for new projects/capex under implementation.

Resultant expenditure (including borrowing costs, if any) incurred for these projects up to the date of commencement of commercial production have been considered as part of the project cost.

(v) Depreciation Amortisation :

Depreciation is charged under straight line method on buildings, plant and machinery and electrical installations and under W.D.V. method on other assets at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956. Premium on leasehold land is amortised over the period of lease.

(vi) Borrowing Costs :

The borrowing costs incurred on loans taken for acquisition of qualifying assets are capitalised up to the date of commencement of commercial production/ till the asset is ready for its intended use.

(vii) Investments :

Investments are stated at cost.

(viii) Inventories :

Inventories as taken and certified by the Management are valued at "lower of cost and estimated net realisable value" using the following cost formulae:

- a) Raw materials and packing materials : Weighted Average Cost
- b) Store and Spares : At cost
- c) Materials in Bond : At cost (exclusive of customs duty)

- d) Finished goods and Work-In-Progress : Material cost plus appropriate share of production overheads
- e) Finished goods are inclusive of applicable excise duty.

(ix) Research and Development :

Revenue expenditure pertaining to Research and Development is expensed. Capital expenditure is treated as forming part of fixed assets.

(x) Foreign Currency Transactions :

Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense.

In respect of liability relating to acquisition of fixed assets loss/gain, if any, arising out of such conversion, is adjusted to the cost of the fixed assets. Depreciation on the revised unamortised depreciable amount is provided prospectively in accordance with Schedule XIV of the Companies Act, 1956.

(xi) Accounting for Taxes :

Tax expense charged to the profit and loss account comprises current tax and deferred tax. Provision for current tax is made on a yearly basis, under the tax payable method after taking into consideration credit for allowances, deductions and exemptions and considering Minimum Alternate Tax as applicable.

The deferred tax is recognised for all temporary differences at currently available tax rates. Deferred Tax assets are recognised subject to the consideration of prudence.

(xii) Segment Reporting :

The company has identified Reinforced Polypropylene as the only reportable business segment.

(xiii) Employee Benefit : As per AS 15 (Revised)

The Company has adopted "Employee Benefits" as per AS 15 (Revised).

(xiv) Related party disclosures :

The related party relationships and / or transactions with them have been identified in accordance with Accounting Standard (AS 18)

(xv) Earnings per share :

The Paid up share capital of the company consists only of equity shares. The basic/diluted earnings per equity share is disclosed.

B. NOTES ON ACCOUNTS AND QUANTITATIVE INFORMATION :**1. Secured Loans**

- a) Cash credit and other working capital facilities from banks are secured against hypothecation of stock-in-trade (including those lying in the warehouses), book debts, documentary bills and supply bills and collaterally secured by way of second charge on the present and future fixed assets of the company at Pudukkottai, Puducherry, Jejuri & Tirunelveli.
- b) Term loans from Banks are secured by a mortgage of the Company's immovable property and hypothecation of applicable movable assets,

present and future, at Pudukkottai, Puducherry, Jejuri and Tirunelveli on a pari passu basis and collaterally secured by way of second charge on the current assets of the Company.

- 2. Letters seeking confirmation of balances in respect of debtors and creditors have been sent during the year. Confirmation remains to be received in some cases.

	As at 31-03-2011	(₹ in 000's) As at 31-03-2010
3(i) Contingent Liabilities not provided for :		
a) Letters of credit	99,696	35,957
b) Letters of guarantee	200	10
c) Commitment on capital accounts	1,840	1,918
d) Customs duty on materials-in-bond	338	1,052
e) Custom duty disputed in appeals	2,678	2,678
f) Income Tax disputed in appeals	1,694	605
g) Service Tax disputed in appeals	556	82
(ii) Capital Work in progress includes ₹ 23.25 Lacs being the lease amount paid to WBIDC for the lease hold land at Singhur. The possible consequential impact on the valuation of the asset is yet to be quantified		
4. Deposits under lien		
Fixed deposits with banks.	11,115	9,827
	Current Year	Previous Year
5. Remuneration to Auditors		
a) Statutory Audit	125	125
b) Certification and taxation matters	30	30
c) Tax Audit	45	45
	<u>200</u>	<u>200</u>
Total	<u><u>200</u></u>	<u><u>200</u></u>
6. Managerial Remuneration		
a) Remuneration to Directors		
Salary and allowances	663	618
Commission to Vice Chairman	159	—
Contribution to Provident, Superannuation and Gratuity funds	206	179
Other perquisites	1,276	1,063
	<u>2,304</u>	<u>1,860</u>
Total	<u><u>2,304</u></u>	<u><u>1,860</u></u>

	Current Year	(₹ in 000's) Previous Year
b) Computation of net profits under sections 198/349 of the Companies Act, 1956		
Net profit before tax as per the accounts	13,080	(2,152)
Add: Depreciation charged in the books	26,873	25,768
Directors' sitting fees	237	214
Managerial remuneration as stated above	2,304	1,860
Loss on sale of Fixed Assets	4	26
Bad debts and Advances written off	381	35
	42,879	25,751
Less: Depreciation in accordance with section 350 of the Companies Act, 1956	26,873	25,768
Profit on Sale of Fixed Assets	128	167
Resultant Net Profit	15,878	(184)
Commission payable to Directors	159	—

7. Miscellaneous expenses shown under 'Other Costs' include

Sitting fees to Directors	237	214
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- 8.** Power, Fuel & Water charges under other costs is net of ₹ 9,693 (8,407) being income generated by our Wind Energy Generators located at Tirunelveli.

9. Disclosure relating to Micro, Small and Medium Enterprises

In the absence of information from the suppliers with regard to their registration with the specified authority, despite the company calling for such information through a circular letter, the additional disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 is not furnished.

(₹ in 000's)

10. Disclosure relating to Employee Benefits under Accounting Standard 15 (Revised) :

	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
a) Reconciliation of present value of obligations				
Present value of the obligation as at the beginning of the year	4,242	3,650	1,675	1,969
Interest Cost	331	293	130	161
Current Service Cost	702	657	489	169
Benefits Paid	1,295	427	117	244
Actuarial (Gain)/Loss on obligation	487	68	(324)	(380)
Present value of the obligation as at the end of the year	4,467	4,242	1,853	1,675
b) Fund movements				
Fair value of plan assets as at the beginning of the year	4,543	4,149	1,210	1,028
Expected return on plan assets	377	354	99	92
Contributions	1,078	458	0	283
Benefits Paid	1,295	427	96	186
Actuarial Gain/(Loss) on planned assets	19	8	7	(7)
Fair value of plan assets as at the end of the year	4,722	4,543	1,220	1,210
c) Amounts recognised in Balance Sheet				
Present value of the obligation at the end of the year	4,467	4,242	1,853	1,675
Fair value of the Plan Assets	4,722	4,543	1,220	1,210
Funded status of the plan - assets	255	301	(633)	(465)
Net Asset recognised in the Balance Sheet	255	301	(633)	(465)
d) Cost for the period recognised in the P&L a/c				
Current Service Cost	702	657	489	169
Interest Cost	331	293	130	161
Expected return on plan assets	377	354	99	92
Net actuarial loss recognised in the year	468	60	331	373
(Income)/Expense recognised in the statement of profit and loss relating to current year	1,124	656	189	(135)
e) Actuarial assumptions				
Discount rate	8.00%	8.00%	8.00%	8.00%
Salary escalation	5.00%	5.00%	5.00%	5.00%
Rate of Return on Plan Assets	8.50%	8.50%	8.50%	8.50%
f) General description of Employee Benefits :				
(i) Short term Employee Benefits				

The employee benefits payable wholly within 12 months of rendering the service are classified as short term benefits. Benefits such as salaries, wages, short term compensated absences and the expected cost of bonus and ex-gratia are recognised at the undiscounted amount in the year in which the employee renders the related service.

(ii) Post Employment Benefits

- (a) Provident fund is a defined contribution plan and contributions made to the fund in accordance with the applicable rules/statutes are expensed.
- (b) The employees group Gratuity scheme is a defined benefit plan which is funded with the Life Insurance Corporation of India and the annual contribution to the fund actuarially assessed by them is expensed.
- (c) Superannuation is a defined contribution plan. The contributions in accordance with the company's scheme made to the fund administered by the Life Insurance Corporation of India are expensed.
- (d) Leave encashment is provided as per the Company's policies and is expensed as under :
1. The leave accumulation upto 60 days is funded through a policy with LIC of India.
 2. The encashment of leave accumulated beyond 60 days is borne by the company.
 3. Any difference arising out of actuarial valuation is expensed.

	Current Year	Previous Year
(₹ in 000's)		
11. Details of Basic / Diluted Earnings per Equity Share:		
a) Numerator used :		
Profit (Loss) after tax	10,480	(152)
b) Denominator used :		
Number of Equity Shares of ₹ 10/- each outstanding during the year.	6,407	6,407
c) Earnings per share	1.64	(0.02)

12. Quantitative Particulars of Goods manufactured / traded

Class of Goods manufactured / Traded	Units / Values	Installed Capacity	Opening Stock	Production / Purchase	Sales / Others	Closing Stock
Plastic Compounds	MTs	25,000	544	15,799	15,617	726
	(₹ in 000's)	(25,000)	(528)	(13,056)	(13,040)	(544)
			43,282		1,516,553	64,872
			(41,577)		(1,145,585)	(43,282)
FRP Pultruded Profiles	Kgs	—*	—	84,220	84,220	—
	(₹ in 000's)	—*	—	(100,187)	(100,187)	—
		—	—		16,437	—
		—	—		(20,430)	—
Goods traded (High Sea/Agency)	MTs			66	127	—
	(₹ in 000's)		(11)	(116)	(127)	—
			—		9,763	—
			(1,206)		(19,144)	—
Total	(₹ in 000's)		43,282		1,542,753	64,872
			(42,783)		(1,185,159)	(43,282)

* Subject to specifications

13. a) Particulars of Raw Materials Consumed	Current Year		Previous Year	
	Qty. MT	₹ in 000's	Qty. MT	₹ in 000's
Polymers	11,941	881,014	9,849	629,174
Others	4,089	267,110	3,410	225,419
Total		<u>1,148,123</u>		<u>854,593</u>
b) Value of Raw Materials Consumed				
	%	₹ in 000's	%	₹ in 000's
Imported	30.68%	352,292	26.04%	222,516
Indigenous	69.32%	795,832	73.96%	632,077
Total	<u>100.00%</u>	<u>1,148,123</u>	<u>100.00%</u>	<u>854,593</u>
c) Value of Stores and Spare Parts Consumed				
	%	₹ in 000's	%	₹ in 000's
Imported	0.00%	—	0.00%	—
Indigenous	100.00%	593	100.00%	631
Total	<u>100.00%</u>	<u>593</u>	<u>100.00%</u>	<u>631</u>

14. The Related Party Disclosures:
(i) Related parties - Names & Descriptions

Key Management Personnel	Associates	Others
—	W.S Industries (India) Ltd	Mr.V.Srinivasan Mr.Murali Venkatraman Mr. Narayan Sethuramon W S International Pvt Ltd Vensunar Holdings Pvt Ltd
Mr. S.K. Subramanyan	—	—

(₹ in 000's)

(ii) Related Party transactions: description & nature

Description	Key Management Personnel	Associates	Others
Sale of Goods	—	—	1,519
Payments for services rendered	—	312	120
Remuneration	2,144	—	159
Sitting Fees	—	—	108
Balance as on 31-03-2011			
(Payable)/Receivable - Net	(594)	—	—

	Current Year	Previous Year
15. CIF Value of Imports		
(i) Raw materials	329,529	192,685
(ii) Capital goods & Spares	5,079	752
16. Expenditure in Foreign Currency during the year		
(i) Travelling expenses	1,176	325
(ii) Testing charges	1,059	1,460
(iii) Interest paid to Banks	1,440	1,286
(iv) Others	141	—
17. Fluctuation in Exchange rates		
The amount of exchange differences (Gains) included in the net profit (loss) for the year	(5,030)	(4,116)
18. Earnings in Foreign Currency		
FOB value of goods exported	427	1,933
Commission Received	3,471	1,375
19. Previous year's figures (shown separately and within brackets wherever given) have been regrouped wherever necessary to conform to this year's classification.		
20. Schedules "1" to "15" form an integral part of the Balance Sheet and the Profit and Loss Account and have been duly authenticated. Figures in the financial statements have been shown ₹ in 000's except per share value.		

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.: 10438
 State Code: 18
 Balance Sheet Date: March 31, 2011

(₹ in 000's)

II. Capital raised during the year

	2010 / 2011	2009 / 2010
Public issue	—	—
Rights issue	—	—
Bonus issue	—	—
Private placement	—	—
Preference shares	—	—

III. Position of mobilisation and deployment of funds

	2010 / 2011	2009 / 2010
Total liabilities	942,082	780,099
Total assets	942,082	780,099

Sources of funds

	2010 / 2011	2009 / 2010
Paid up capital	64,097	64,072
Reserves and Surplus	184,817	178,818
Secured loans	425,571	351,268
Unsecured loans	2,009	1,801
Net deferred tax liabilities	32,516	33,116

Application of funds

	2010 / 2011	2009 / 2010
Net fixed assets	318,263	314,395
Investments	2,416	9,123
Net current assets	388,331	305,582

IV. Performance of the Company

	2010 / 2011	2009 / 2010
Turnover	1,542,753	1,185,159
Total expenditure	1,389,296	1,187,311
Profit (Loss) before tax	13,080	(2,152)
Loss after tax	10,480	(152)
Earnings per share (in rupees)	1.64	(0.02)
Dividend rate (in per cent)	6.00%	NA

V. Generic names of the principal products/services of the Company

(As per monetary terms)
 Item code no. (ITC Code) 39020000
 Product description POLYMER COMPOUNDS

As per our Report of even date
For M/s. P. SRINIVASAN & Co.
 Chartered Accountants

CA. P. SRINIVASAN
 Partner
 Membership No. : 2090
 FRN. 004054S

CA. G. BALASUBRAMANYAN
 Chairman of the Meeting

MURALI VENKATRAMAN
 Vice-Chairman

Place : Chennai
 Date : 21st July, 2011

CA. S.K. SUBRAMANYAN
 Director (Fin & Admn.) & Co. Secy.