

PERFECT CIRCLE

Annual
Report
2009-10

Perfect Circle India Ltd

COMPANY PROFILE AND FINANCES



Perfect Circle India Limited

Deep C Anand
Chairman Emeritus

Board of Directors

C S Patel
Chairman

P K Srivastava
Managing Director

Ranjit Barthakur
Raman Kaicker
M K Goyal

Bankers

Union Bank of India
SICOM Limited

Auditors

Price Waterhouse & Co.
Chartered Accountants,
Pune

General Manager Finance

Mayur Bumb

Corporate Offices

1, Sri Aurobindo Marg
New Delhi 110 016

Magnet House
N M Marg
Ballard Estate
Mumbai 400 038

Registered & Administrative Office

20, MIDC Estate
Satpur, Nashik 422 007
(Maharashtra)
Tel: (0253) 2202800
Fax: (0253) 2350584

Manufacturing Facilities

Piston Ring Plant

20, MIDC Estate
Satpur, Nashik 422 007

Foundry

E-34, MIDC Estate
Satpur, Nashik 422 007

Centrifugal Casting Plant

19, MIDC Estate
Satpur, Nashik 422 007

Plate Machining Plant

E-34, MIDC Estate
Satpur, Nashik 422 007



Financial Highlights

	2009-10	2008-09
Sales (Rs Million)	838.9	799.6
Profit Before Depreciation & Interest (Rs Million)	162.1	112.2
Profit Before Tax (Rs Million)	73.7	16.3
Profit After Tax (Rs Million)	71.8	(0.9)
PBDIT as a % To Sales	19.3	14.0
PBT as a % To Sales	8.8	2.0
PAT as a % To Sales	8.6	(0.1)
Return on Net Worth (ROI) %	20.22	(0.3)
Face Value Per Share (Rs)	1.0	1.0
Net Worth Per Share (Rs)	10.7	8.9
Earning Per Share (Rs)	2.15	(0.03)

Company Highlights



- Turnaround of the Company
- Profit in the year Rs 73.7 Million (Previous Year Rs 16.3 Million)
- Export Sales Rs 235.7 Million (28.1% of Sales)



Company Profile

Perfect Circle India, since its inception in 1976 has established itself as a renowned Company in the Indian automotive industry. The Company is a major supplier of piston rings to original equipment manufacturers and also to replacement markets both in India and abroad. It has a technical license agreement with MAHLE Engine Components of the USA, which is a world leader in the automobile industry.

The Company is a leading manufacturer of piston rings, which is a critical automotive component that is sold under the brand name of Perfect Circle. It also manufactures plates, which is another precision component for fuel pumps and transmission. Perfect Circle India has been certified for ISO/TS 16949 – Second Edition, ISO 14001:2004 and BS OHSAS 18001:2007 by Bureau Veritas Certification (India) Private Ltd.

Foundry - Static & Centrifugal

The castings are manufactured by individual cast stack moulding and centrifugal cast process, under a strict quality control mechanism. This centrifugal cast process is mainly



TOP: View of the Plant Facility

used for circular alloy iron castings. There is a large potential for such a product in the overseas market. Keeping with that trend, a major chunk of the manufactured product is exported to Europe and the rest of it is used for captive consumption.

Plate Machining Plant

The plate Machining Plant manufactures precision plates that are used as covers for several kinds of transmission systems and pumps. They are manufactured to meet the need of customers in the USA. The plant has a capacity of manufacturing 6 million plates. They will supply to the new markets in the US, Europe, Canada and India.

Piston Ring Plant

The company manufactures high quality piston rings to cater to all segments like OEM, aftermarket and exports. These rings, that have become the preferred choice of

BOTTOM : New Grinder Machine installed at Plates Plant

customers, are sold under the brand name of 'Perfect Circle'.

With the implementation of the phased programme of asset upgradation, the quality of the products produced in the piston rings facility has improved and the productivity too has gone up several notches, with reduced rejection as well.

The Company continues its policy of grouping self-empowered teams on manufacturing lines and value engineering to reduce cost and rejections. Additionally, various measures to reduce inventory and to increase overall efficiency have been introduced. The Company has been awarded Best Supplier Award for its commitment to quality from Emerson Climate Technologies.



Marketing

The emphasis of the Company has been on increasing the interactions between trained sales personnel and channel partners and other decision makers. In this continuing endeavour to provide quality products, the company has, over the years, established a countrywide distribution network that includes a large dealer base that helps in providing deeper market penetration.

Various marketing initiatives have been undertaken to reinforce its strong brand image. A vast product range, new product development, market penetration, sales promotion activities for both the trade and various segments of vehicle owners, and market research activities all form part of that endeavour. These activities help the Company to keep abreast with the changing business scenario and provide insights on market potential.

Shareholders

The Company organises annual visits of the shareholders to see the manufacturing facility and the operations. The shareholders visited Nashik on the eve of the last Annual General Meeting of the Company.



TOP: Annual General Meeting of the Company

BOTTOM LEFT: New Lapping Machine installed

BOTTOM RIGHT: Mr Mayur Bumb receiving Best Supplier Award from Emerson Climate Technologies



Group's technical and management institute – Anand “U”, which designs and conducts programmes to suit the needs of the Company.

During the year, training was mainly focused on initiatives such as the Anand Production System, Six Sigma and QCDGP (Quality, Cost, Delivery, Growth, Productivity /Profitability), which was aimed at helping individuals achieve their career goals, besides preparing them to take on the challenges posed by the competitive business environment.

In order to achieve the exponential growth charted by the Company, it is concentrating on building effective and cohesive teams by conducting a series of Out Bound Learning (OBL) programs. Young managers are given opportunities to hone their managerial skill by participating in business discussions, presentations and regional and national level competitions.

Several other training programmes in the areas on process management, problem solving, time management, productivity improvement and waste elimination were also conducted.

Anand Learning Initiative for Value Enhancement (ALIVE) and Visionary Leaders for Manufacturing (VLFM) programmes continue to be used as

extremely effective means to develop future leaders.

As a result of dedicated efforts initiated in the beginning of year 2009, our Casting, Plates and Ductile plants had *zero accidents* during the year 2009 thus making PCIL a safer and better place to work.

Corporate Social Responsibility

Being a responsible corporate citizen in all its operations continues to be one of the Company's goals. In the pursuit of this end, the Company supports several social initiatives to inculcate among other corporate institutions and partner organisations the spirit of giving. Together with the SNS Foundation, a charitable trust, the Company attempts to fulfil its social responsibilities.



TOP: Mr S C Korde, COO, planting sapling along with employees of Perfect Circle India on Environment day

BOTTOM: Safety award received from Anand Automotive Limited for zero accident

People Orientation

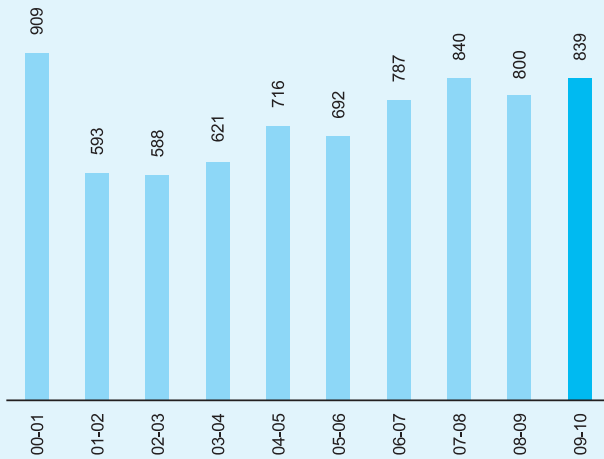
Perfect Circle India believes that its people are its most important assets and it will only be with the training and development of these assets that a healthy and progressive team can be built. Organisational goals can only be achieved through team work and motivated team members. The Company believes that care and enhancement of human capital plays a vital role in realizing company's long term goals.

In keeping with this belief, the Company ensures that all employees get the opportunity to enhance knowledge and hone their skills. Lending support in all this is the

Working Results at a Glance

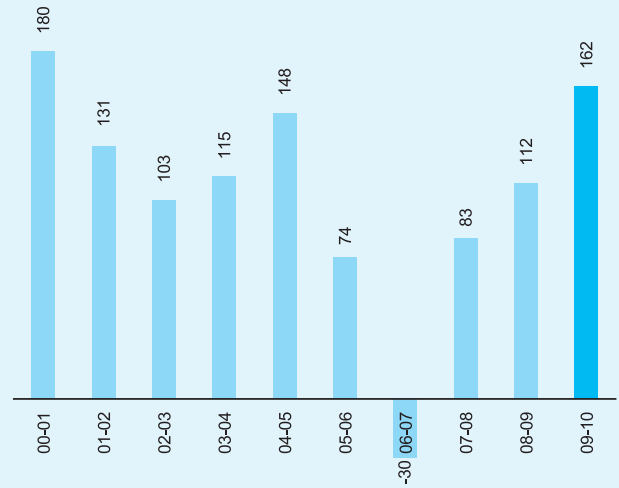
Sales

(Rs. Million)



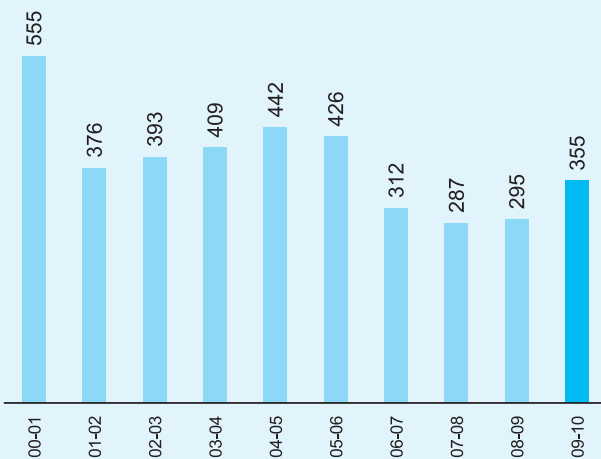
Gross Profit

(Rs. Million)



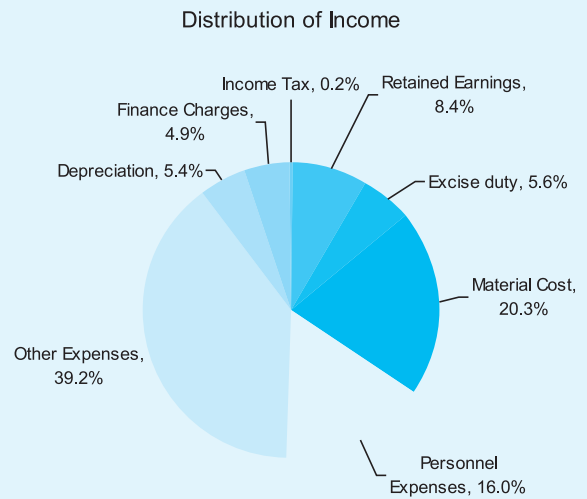
Shareholder's Funds

(Rs. Million)



Distribution of Income

(In %)



Working Results at a Glance

Year	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
	Rs Million									
Shareholders' Fund	555	376	393	409	442	426	312	287	295	355
Loans	494	336	314	259	220	452	606	523	438	411
Deferred Tax		58	55	48	41	39	24	23	26	28
Funds employed	1049	770	762	716	703	917	942	833	759	794
Fixed Assets (Gross)	812	584	581	592	648	879	990	998	1024	1036
Depreciation	292	273	309	344	375	412	465	520	569	608
Net Block	520	311	272	248	273	467	525	478	455	428
Investments	111	111	111	0	0	0	0	0	0	0
Net Current Assets	418	348	379	468	430	449	417	355	304	366
Net Assets Employed	1049	770	762	716	703	917	942	833	759	794

* Figures have been regrouped

	Rs Million									
Sales	909	593	588	621	716	692	787	840	800	839
Gross Profit	180	131	103	115	148	74	(30)	83	112	162
Interest	68	47	38	28	20	22	38	48	47	42
Depreciation	54	41	42	37	37	39	53	58	50	46
Profit Before Tax	58	43	23	50	91	13	(121)	(23)	16	74
Tax	11	13	9	14	34	11	(8)	1	17	2
Profit After Tax	47	30	14	36	57	2	(113)	(24)	(1)	72

	Million Nos									
Production:										
Piston Rings	18	19	18	15	18	17	17	17	12	14
Castings	25	22	22	23	29	29	29	34	21	22

- Shareholders' Funds include Capital Reserve Rs. 6.1 Million in 2000-01, Rs. 5.9 Million in 2001-02, Rs. 5.7 Million in 2002-03, Rs. 4.9 Million in 2003-04, Rs. 3.9 Million in 2004-05, Rs. 3.7 Million in 2005-06, Rs. 3.7 Million in 2006-07 Rs. 3.5 Million in 2007-08, Rs. 3.3 Million in 2008-09 and Rs. 3.1 Million in 2009-10. Which were created on Revaluation of fixed assets.
- The figures of 2000-01 include results of Gasket Division.

Notice

NOTICE is hereby given that the Forty-Seventh Annual General Meeting of the Members of PERFECT CIRCLE INDIA LIMITED will be held on Monday, July 26, 2010 at 2.30 p.m. at the Registered Office of the Company at 20, MIDC Estate, Satpur, Nashik 422007, Maharashtra to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit & Loss Account for the year ended as on that date, and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2010.
3. To appoint a Director in place of Mr Ranjit Barthakur, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr M K Goyal who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

6. To consider, and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:
“**RESOLVED THAT** approval be and is hereby accorded for payment of commission to the Non Executive Director(s) of the Company of an amount up to 1% of the company's net profit for a period of five years, effective financial year 2010-11 and that the commission so computed be distributed amongst such Non Executive Director(s) of the Company in such manner as the Board may decide annually after taking into account all the relevant circumstances.”
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** Mr Raman Kaicker who was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mrs Padmini Khare Kaicker under section 262 of the Companies Act, 1956 by the Board of Directors in their meeting held on February 8, 2010 and who holds office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received from a member, a notice, in writing, under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500 proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company and that Mr Raman Kaicker will be liable to retire by rotation.”

By Order of the Board

CS Patel
Chairman

Place: Pune
Date : May 19, 2010

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Record Date for the purpose of 47th Annual General Meeting of the Members of the Company is July 26, 2010.
3. Members are requested to notify the change of their address, if any, to the Company's Registrar and Share Transfer Agent - Karvy Computershare Private Limited, Unit-Perfect Circle India Limited, 17-24 Beside Image Hospital, Vithalrao Nagar, Madhapur, Hyderabad 500 081 and Investor Service Centres of Karvy Computershare Private Limited in various cities.
4. The Company will be providing Electronic Clearing System facility to the shareholders whereby they will be able to receive their dividend by direct electronic credit to their bank account. Shareholders are requested to fill in the form provided by the Company once again with the Annual Report and send it to the Company's Registrar and Share Transfer Agent in case of shares held in physical form and to respective Depository Participant (DP) in case the shares are held in demat form.
5. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed and unpaid dividends up to the financial year ended March 31, 2002 have been transferred to General Revenue Account of the Central Government. Members who have so far not claimed their dividends for the said period may claim the same by submitting an application in prescribed Form No. II to the Registrar of Companies, Maharashtra, Mumbai.
6. Dividends for the financial year March 31, 2002 which have remained unclaimed for a period of more than 7 years have been transferred to Investor Education and Protection Fund established by the Central Government, pursuant to the provisions of Section 205C of the Companies Act, 1956.

ITEM NO. 6

To avail the benefits of professional expertise and business exposures of the eminent personalities on the Board of the Company, it is proposed to pay commission up to 1% of net profits of the Company computed in the manner laid down under Section 198 of the Companies Act, 1956, in each year to the Directors of the Company, other than the Directors who are in the whole time employment, for a period of 5 years commencing from the financial year ending March 31, 2010. As per the provisions of Section 309 (4) of the Companies Act, 1956, such payment requires approval of members of the Company by way of a Special Resolution. Directors recommend passing of the above resolution as a Special Resolution.

All the directors of the Company are deemed to be interested in the Resolution set out in item No. 6 of the Notice to the extent of the commission, if any, that may be received by them.

ITEM NO. 7

Mr Raman Kaicker was appointed as a Director of the Company by the Board of Directors with effect from February 8, 2010 in the causal vacancy caused by the resignation of Mrs Padmini Khare Kaicker. Under Section 313 of the Companies Act, 1956, Mr Raman Kaicker holds office up to the date up to which Mrs Padmini Khare Kaicker would have if she had not resigned.

Notice has been received by the Company along with requisite deposit from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr Raman Kaicker as a candidate for the office of the Director.

Mr Raman Kaicker is a Chartered Accountant from England and Wales with International Capital Markets qualification from Securities Institute, London.

Your Directors feel that the Company would benefit from the wide experience possessed by Mr Raman Kaicker in the areas of Finance and formulating strategies and therefore, recommend his appointment.

None of the Directors, except Mr Raman Kaicker is interested in the resolution.

Report of the Board of Directors

To the Members of Perfect Circle India Limited

Your Directors are pleased to present the Forty-Seventh Annual Report on the business and operations, together with the Audited Accounts for the year ended March 31, 2010.

Financial Highlights

	Year ended March 31, 2010 (Rs Million)	Year ended March 31, 2009 (Rs Million)
Sales	838.9	799.6
Profit before Depreciation and Interest	162.1	112.2
Depreciation	46.2	49.5
Interest	42.3	46.5
Profit before Tax	73.7	16.3
Provision for Taxation	1.9	17.2
Profit after Tax	71.8	(0.9)
Balance Profit brought forward from Last Balance Sheet	(17.3)	(16.4)
Profit available for Appropriation	54.5	(17.3)
APPROPRIATIONS		
Transfer to General Reserve	7.2	0
Dividend Equity	10.0	0
Tax on Dividend	1.7	0
Profit Carried forward to Balance Sheet	35.6	(17.3)

Performance and Operations

The Indian economy registered a growth of 15.3% as against 6.7% in the previous year which was contributed by Service Sector at 9.8%, industrial growth of 3.9% and agriculture growth of 1.6%. Growth of automotive industry was at 26.1% during the financial year under review. However, the market started to recover from the middle of the year. This has boosted the performance of your Company mainly in the last two quarters.

The Sales turnover during the financial year under review was Rs. 838.9 Million as compared to Rs. 799.6 million in the previous year. The competitive environment continues to put pressure on domestic and export sales. Profit after interest but before depreciation and taxation was Rs.119.9 million, as compared to Rs.65.7 million in previous year.

The profitability of your Company during the financial year under review has improved due to better planning and co-ordination with the customers to save on freight cost, external rejections, saving in power cost and various cost control measures. The Company has registered a substantial profit during the financial year under review in spite of slow down during part of the year.

Your Company was able to maintain sales even though there had been shrinkage of replacement market due to longer engine life of new generation vehicles. Your Company continues to focus on new development in original equipment and export markets to enhance capacity utilization to have over all cost competitive position in market.

Dividend

In view of the better performance of the Company, your Directors recommend Dividend of Rs. 0.30 per equity share (previous year Rs. Nil per equity share). The total outflow from proposed dividend will amount to Rs.10.00 Million as against (Rs. Nil in the pervious year). This dividend will be distributed to the shareholders whose names appear on the Register of Members as on July 26, 2010.

Exports

Your Company's total export sales during the financial year under review were Rs.235.7 million as compared to Rs.275.3 million in the previous year due to recessionary conditions in the world economy. This includes export sales of piston ring castings, which was at Rs.127.3 million during the financial year under review, as compared to Rs.143.3 million in the previous year.

Your Company continues to devote increasing efforts to build up the export market and expects to achieve significant improvement in the current year.

Environment, Health & Safety

Your Company is committed to maintain a pollution free environment in and around the company premises. Your Company has changed the Environment, Health and Safety policy and focus is given on a green approach to make the processes environment friendly and safe for the people.

Many programs were arranged by your Company for the awareness of the people to understand the importance of environmental health and safety in today's scenario during the Safety Week, Energy Conservation Week and on the World Environment Day to improve the environmental and safety performance of your Company.

Complying with environment laws and regulations and the safety norms, your Company has been awarded ISO 14001:2004 & OHSAS 18001:2007 recertification for environmental safety and health of people working in and around the premises of your Company.

Your Company sends its executives for various seminars & trainings to learn best practices in industry and motivate them to follow those practices to improve the working environment in your Company.

Your Company firmly believes that providing occupational health, safety and preservation of the environment is an integral part of its business / operations and its social responsibility.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

As required 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, information relating to the foregoing matters is given by way of an annexure to this report.

Fixed Deposits

The total fixed deposits as at the end of the year were Rs. 84.80 million, out of which deposits aggregating Rs.0.66 Million remain unclaimed with the Company during the financial year under review.

Directors

Mrs Padmini Khare Kaicker has resigned and ceased to be the Director of your Company with effect from February 8, 2010.

Mr Gurdeep Singh has resigned and ceased to be the Director of your Company with effect from October 22, 2009.

The Board of Directors place on record their sincere appreciation for the valuable services rendered by Mrs Padmini Khare Kaicker and Mr Gurdeep Singh during their tenure as Directors of your Company.

The Board of Directors of your Company has in its meeting held on November 4, 2009 has appointed Mr Pravesh Kumar Srivastava as Director of the Company in the casual vacancy caused by the resignation of Mr Gurdeep Singh. Mr Pravesh Kumar Srivastava was appointed as the Managing Director of your Company with effect from 1st January 2010.

The Board of Directors of your Company has in its meeting held on February 8, 2010 appointed Mr Raman Kaicker as a Director of the Company in the casual vacancy caused by the resignation of Mrs Padmini Khare Kaicker.

In accordance with the Article 123 of the Articles of Association of the Company, Mr Ranjit Barthakur and Mr M K Goyal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2008, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. Appropriate accounting policies have been selected and applied consistently, and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the Profit and Loss Account for the year ended March 31, 2010;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

Your Company's Internal Auditors have conducted periodic audit to provide reasonable assurance that the Company's established policies and procedures have been followed. The Audit Committee of the Board meets once in a quarter with Internal Auditors to review internal control financial reporting issues.

Corporate Governance

Your Company is committed to good Corporate Governance practices. Your Company also conforms to practising good Corporate Governance norms. A report on the Corporate Governance forms a part of this Report.

Auditors

M/s Price Waterhouse & Co., Chartered Accountants, Auditors of your Company, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a Certificate from them that the proposed reappointment, if made, will be in accordance with the limits specified under sub-section (1B) of Section 224 of the Companies Act, 1956.

Particulars of Employees

The information required under Section 217(2A) of the Companies Act, 1956 and the rules framed there under is annexed hereto and forms part of the report.

Acknowledgement

Your Directors wish to sincerely thank esteemed customers, suppliers, shareholders, financial institutions, bankers, deposit holders of the Company and the Government / Local Authorities for their continued support, co-operation and encouragement.

Your Directors further wish to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year.

For and on behalf of the Board

Place : Pune
Date : May 19, 2010

CS Patel
Chairman

Annexure to Directors' Report

Information as per 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 and forming part of the Directors' Report for the year ended March 31, 2010.

A) Conservation of Energy

- Maintaining power factor unit to get maximum incentive benefit
- Horizontal grinder 40hp motor to be replaced by high efficiency motor
- Horizontal Grinders 1, 2 and 3 chain feed gear box, vary speed unit VFD, now motors are running on 50% load at 2 hp

B) Technology Absorption

(I) Research and Development (R & D)

- | | | | |
|----|---|---|--|
| 1. | Specify areas in which R & D is carried out by the Company
Coatings | : | Following R & D activities were carried out: <ul style="list-style-type: none"> • Shifting of metallurgical standards to world class level. • Development of alternate coatings on first groove ring to meet customer requirement of improved product life, an essential feature of fuel efficient engines conforming to Euro III and IV emission norms. • Reduction in the consumption of Trichloroethylene to control Green House Effect • Processes at its Ductile Foundry were improved to a world-class level to meet the requirements of the important customer in Europe. • Heavy duty Piston Rings for Gensets were developed and productionised. |
| 2. | Benefits derived as a result of the above R & D | : | Capability of company improved and possibility of serving European customers is increased.
Introduction of I power brand with new coating for first groove rings will take place to new level in after market. |
| 3. | Future plan of action | : | <ul style="list-style-type: none"> • Bench mark of tolerance in all rings • Investment for technology upgradation machinery |
| 4. | Expenditure on R & D | | Rs Million |
| | (a) Capital | : | - |
| | (b) Recurring | : | 1.5 |
| | (c) Total | : | 1.5 |
| | (d) Total R & D Expenditure as percentage of total turnover | : | 0.18% |

- | | | | |
|------|--|---|---|
| (II) | Technology absorption, adaptation and innovation | : | <ul style="list-style-type: none"> * Continuous interaction with the Joint Venture for upgradation of quality. * Participating in national conferences, seminars & exhibitions. * Use of state of the art equipments, machineries and methods. * Benchmarking with collaborator's best plants in terms of productivity, rejections, etc. <p>The benefits derived are continuous upgradation of technology, cost reduction, competitive edge, import substitution and these have helped the Company to achieve the following:</p> <ul style="list-style-type: none"> - Product enrichment - Product reliability and serviceability |
|------|--|---|---|

	- Product development and its validation - Development of new process and technology
(a) Technical Assistance	Continuation of Technical Agreements for Piston rings provided opportunities for two-way visits and exchange of information
(b) Year of Import	2006
(c) Has Technology been fully absorbed	Customers' frequent changing needs require to have continuous access to foreign technology for new generation engines
(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action	The Company needs assistance for new materials/new processes from collaborator who help in the know how through their extensive R&D efforts

C) Foreign Exchange Earnings and Outgo

(a) The Company is strategically focusing on growth opportunities in export segment including development of new customers, new range of products to the existing customers. Efforts taken by the Company towards this direction includes.	<ul style="list-style-type: none"> • Visiting of Senior executives to various countries to explore new markets for its products. • Brand Building and image creation. • Market survey, intelligence gathering and closer rapport with existing and potential customers. • Active representation with major clients for new business. • Appointment of representative to capitalise the opportunities available in overseas market.
(b) Total foreign exchange used and earned	: Earnings Rs 236 Million (Previous year Rs 275) Outgo Rs 41 Million (Previous year Rs 63)

For and on behalf of the Board

Place : Pune
Date : May 19, 2010

CS Patel
Chairman

Report on Corporate Governance

1. Company's Philosophy on Code of Governance

Your Company's philosophy of corporate governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing your Company's business in an efficient and transparent manner in all facets of its operations and in its interaction with stakeholders namely :-

- Shareholders : As providers of risk capital, to provide them a reasonable return and enhance shareholder value.
- Customers : to provide adequate customer service focusing the activities on customer expectations and meeting them.
- Environment : To adhere to the environment standards to make the product and process environment friendly.
- Employees : To promote development and well being of the society to maintain the Company's economic viability as a producer of Goods and services and other stakeholders fulfilling the obligations towards other stakeholders, namely government, suppliers, creditors, etc.

2. Board of Directors

Composition:

As on date, the Board of Directors consists of 5 Directors, four of them are Non-Executive Directors. The Chairman of your Company is a Non-Executive Independent Director. The Strength of 5 Non-Executive Directors includes three Independent Directors. The Non-Executive Directors bring external and wider perspective in the Board's deliberations and decisions.

The Agenda papers and draft minutes are circulated to the Directors, in advance, in the defined agenda format. All material information is incorporated in the agenda papers to facilitate meaningful, informed and focused discussions at the meeting. Where it is not possible to attach any document to the agenda, the same is tabled at the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

Details of Board Meetings held during the financial year 2009-10

Dates of Meetings	Board Strength	No of Directors present
April 8, 2009	6	5
May 27, 2009	5	5
July 29, 2009	5	3
November 4, 2009	5	5
February 8, 2010	5	5

The maximum time gap between any two meetings was not more than four months

Attendance at Board Meetings and at the last AGM and details of memberships of Directors in other Boards and Board Committees:

Director	Category	Attendance Particulars		No. of other Directorships and Committee Memberships/Chairmanships held		
		Board Meetings	Last AGM	Directorships**	Committee Memberships*** (including Chairmanship)	Committee Chairmanships***
Mr C S Patel	Chairman NEDI	4	Yes	4	-	-
Mr P K Srivastava*1	MD	2	No	3	2	1
Mr G Singh*2	NEDI	2	Yes	-	-	-
Mr R Barthakur	NEDI	2	No	14	-	-
Ms P K Kaicker*3	NEDI	3	No	-	-	-

Director	Category	Attendance Particulars		No. of other Directorships and Committee Memberships/Chairmanships held		
		Board Meetings	Last AGM	Director-ships**	Committee Memberships***	Committee Chairmanships****
Mr M K Goyal	NED	4	Yes	6	5	-
Mr R Kaicker*4	NEDI	1	Nil	NIL	-	-

NED – Non-Executive Director

MD – Managing Director

I – Independent Director

*1 Mr P K Srivastava was appointed as a Director of the Company w.e.f. November 4, 2009 and as Managing Director w.e.f. January 1, 2010.

*2 Mr Gurdeep Singh ceased to be the Director of the Company w.e.f. October 22, 2009.

*3 Mrs Padmini Khare Kaicker ceased to be the Director of the Company w.e.f. February 8, 2010.

*4 Mr Raman Kaicker was appointed as a Director of the Company w.e.f. February 8, 2010.

** Directorship in Public Limited Companies only have been considered.

*** Membership/Chairmanship of Audit Committee and Shareholders'/Investors' Grievance Committee only of public limited companies have been considered.

None of the Directors is/was a member in more than ten Committees or acts as a Chairman of more than five Committees of the companies in which he/she is/was a director.

3. Audit Committee

a) Composition and terms of references

The Board of Directors of the Company has an Audit Committee, which during the financial year under review, comprised of Mrs Padmini Khare Kaicker as the Chairperson and M/s C S Patel, Pravesh Kumar Srivastava, Raman Kaicker, Ranjit Barthakur, Gurdeep Singh and M K Goyal as other members of the Committee. With the wide experience of Mrs Padmini Khare Kaicker in the areas of finance, accounts, banking and taxation and her foresightedness, the Company could progress a lot during the financial year under review. Other members of the Audit Committee too have good exposure in the areas of finance, operations and management.

After the resignation of Mrs Padmini Khare Kaicker as a Director and Chairperson of Audit Committee of the Board, Mr Raman Kaicker has been appointed as the Chairman of the Committee with effect from 08.02.2010. Mr Raman Kaicker, Fellow of the Institute of the Chartered Accountants in England & Wales with a International Capital Markets qualification from the Securities Institute, London and Bachelors of Commerce from Mumbai University; Mr Raman Kaicker is a business advisor with two and a half decades of varied accomplishments locally and internationally. He focuses on helping organizations assess and formulate strategic intent and improve execution effectiveness. He has worked with Deloitte, London, ANZ Grindlays Bank, South Asia and the Times Group (including financial services, manufacturing and setting up Timesbank).

The current terms of reference, as specified by the Board of Directors of the Company, broadly include the following areas:

- Review of the financial reporting systems and disclosure of its financial information
- Review of the internal control programme and adequacy of internal audit system
- Interaction with senior management, statutory and internal auditors of any significant findings and follow up thereon
- Ensuring compliance with statutory and regulatory provisions
- Recommending the appointment/re-appointment or removal of external, internal and tax auditors.
- Reviewing with the management the quarterly/annual financial statements before submission to the Board, focusing primarily on
 - any changes in accounting policies and practices
 - qualification in draft audit report
 - significant provisions and accruals
 - compliance with accounting standards and stock exchanges and legal requirements concerning financial statements
- Reviewing the Company's various financial and risk management policies

b) Meetings and Attendance

During the financial year under review, four meetings of the Members of Audit Committee were held on May 27, 2009, July 29, 2009, November 4, 2009 and February 8, 2010 and were attended as below:

Name of the Member	No. of Meetings Attended
Ms P K Kaicker – Chairperson	3
Mr R Kaicker	1
Mr C S Patel	2
Mr P K Srivastava	2
Mr R Barthakur	2
Mr G Singh	2
Mr M K Goyal	4

The COO, Finance Controller and other functional heads attended the Audit Committee meetings during the year under review. The representatives of the Internal Auditors and Statutory Auditors were also present in these meetings.

4. Remuneration to Directors

The remuneration policy is directed towards rewarding performance based on review of achievement on periodical basis and is in consonance with the existing industry practices.

The detail of the remuneration paid to the Wholetime Director, Managing Director and Manager during the year 2009-10 is given below:

Name	All elements of remuneration Package i.e. salary benefits, bonuses, pension etc.	Fixed component and performance linked incentives along with the performance criteria	Service contracts notice period, severance fees	Stock option with details, if any, and whether issued at discount as well as the period over which accrued and over which exercisable
Mr P K Srivastava	Rs. 1.48 Million	0	Please see note (a)	Please see note (d)
Mr S C Korde	Rs. 0.55 Million	0	Please see note (b)	Please see note (d)
Mr A K Agarwal	Rs. 0.08 Million	0	Please see note (c)	Please see note (d)

Notes :

- Mr P K Srivastava was appointed as Managing Director w.e.f. 01.01.2010.
- Mr S C Korde appointed as Manager w.e.f. 01.08.2009 and resigned w.e.f. 04.11.2009.
- Mr A K Agarwal resigned as the Wholetime Director w.e.f. 08.04.2009.
- The Company does not have stock option scheme for grant of stock options either to the Managing Director or employees.
- Remuneration, including perquisites and retirement benefits payable to the Company's Managing Director/ Whole Time Director/Manager is decided by the Board of Directors of the Company based on recommendation made by the Remuneration Committee of the Board. The remuneration so decided is subject to approvals, as may be required in terms of the Companies Act, 1956.

The Non-Executive Directors do not draw any remuneration from the Company, except for the sitting fees and such commission on profits of the Company as may be determined by the Board at the time of approval of annual accounts. The overall limit within which the commission is payable to the Non-Executive Directors of the Company is fixed by the Members by way of a Special Resolution, which remains in force for five years and is renewed from time to time for a further period.

No share is held by any Non-Executive Director of the Company as on 31.03.2010.

5. Investors'/Shareholders' Grievance Committee

During the year, the Shareholders'/Investors' Grievance Committee of the Board has been dissolved and any issue related to investors grievances are being reported in the Board Meeting from time to time.

6. General Body Meetings

The last three Annual General Meetings of the Company were held at Nashik. All the meetings commenced at 2.30 p.m. All the resolutions set out in the respective notices were passed by the members of the Company. Every year, the Company makes arrangements to bring maximum number of members to Nashik.

Extra ordinary General Meeting of the Company held on January 28, 2010 at 2.30 p.m.

No resolution requiring postal ballot has been placed for members' approval at the Meeting.

6A. Brief of Directors seeking appointment / re-appointment in the forthcoming Annual General Meeting.

1. Raman Kaicker

Mr Raman Kaicker is a Fellow of the Institute of the Chartered Accountants in England & Wales with International Capital Markets qualification from the Securities Institute, London and Bachelors of Commerce from Mumbai University. Raman is a business advisor with two and a half decades of varied accomplishments locally and internationally. He focuses on helping organizations assess and formulate strategic intent and improve execution effectiveness. He has worked with Deloitte, London, ANZ Grindlays Bank, South Asia and the Times Group (including financial services, manufacturing and setting up Timesbank).

7. Disclosures

a) Disclosure 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:

None of the transactions with any of the related parties were in conflict with the interest of the Company.

b) 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 capital markets, during the last three years:

There were no strictures or penalties imposed by either the Securities and Exchange Board of India, Stock Exchanges or any other statutory authority for non-compliance of any matter related to the capital market.

8. General Shareholder Information

- AGM: Date, Time and Venue 26th July, 2010 at 2.30 p.m. at
20, MIDC Estate, Satpur, Nashik 422 007
Maharashtra
- Financial calendar (Tentative)
 - Financial Year April 1 to March 31
 - 48th Annual General Meeting By end July 2011
- Record Date 26th July, 2010
- Dividend Payment date On or before 25th August, 2010
- Listing on Stock Exchange Delisted
- Registrar and Transfer Agents Karvy Computershare Private Limited
Unit-Perfect Circle India Limited
17-24 Beside Image Hospital
Vithalrao Nagar, Madhapur
Hyderabad 500 081
and Investor Service Centres of Karvy Computershare
Private Limited in various Cities

- Share Transfer System

All the transfer requests received are processed and approved by the Share Transfer Committee that normally meets twice in a month.

- Distribution of shareholding & Share holding pattern as on 31.03.2010
- Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity
- Plant Locations
- Address for Correspondence

Please see Annexure 'A'.

Not issued.

The Company's plants are located at Nashik, Maharashtra. Shareholders, correspondence should be addressed to the Registrar & Transfer Agent at the address given above.

a) Chairman of the Board

Whether Chairman of the Board is entitled to maintain a Chairman's office at the Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties

The Chairman does not maintain a separate office for the Company. Expenses incurred by the Chairman on official duties for the Company are met/reimbursed by the Company.

b) Remuneration Committee

During the year under review, Remuneration Committee of the Board was reconstituted w.e.f. May 27, 2009 with Mr C S Patel as the Chairman and M/s Gurdeep Singh and Ranjit Barthakur as other members of the Committee for recommending to the Board the salary/perquisites, commission and retirement benefits payable to the Managerial Personnel of the Company and for reviewing their performance from time to time.

Subsequent to the resignation of Mr Gurdeep Singh, Remuneration Committee of the Board was reconstituted w.e.f. November 4, 2009 with Mr C S Patel as the Chairman and M/s M K Goyal and Ranjit Barthakur as other members of the Committee.

The Remuneration Committee of the Board was once again reconstituted on February 8, 2010 and Mr C S Patel is the Chairman and M/s Ranjit Barthakur & Raman Kaicker as other members of the Committee.

During the financial year under review, the Remuneration Committee has recommended to the Board, from time to time, the remuneration, perquisites, bonus etc. payable to M/s Pravesh Kumar Srivastava and Subodh Korde as the Managing Director & Manager, respectively of the Company.

c) Postal Ballot

The Company has not used Postal ballot during the earlier years.

Annexure 'A'

i) The distribution of shareholdings as on 31.03.2010 is as follows:

No. of equity shares held	No. of Folios	%	No. of Shares	%
Upto 5000	3,074	98.78	12,38,900	3.72
5001 to 10000	15	0.48	1,09,503	0.33
10001 to 100000	19	0.61	4,16,597	1.25
100001 and above	4	0.13	3,15,71,568	94.70
Grand Total	3,112	100.00	3,33,36,568	100.00
No. of Shareholders in Physical Mode	1,687	54.21	14,18,548	4.26
No. of shareholders in Electronic Mode	1,425	45.79	3,19,18,020	95.74

ii) Shareholding pattern as on 31.03.2010 is as follows:

Category	No. of Shareholders	No. of Shares	%
Indian promoters* Collaborators	7	3,16,51,400	94.94
Insurance cos., banks & Mutual funds & UTI	6	5,600	0.02
FII's & NRIs	18	47,335	0.14
Domestic Companies	63	1,57,874	0.48
Resident Individuals	3,018	14,74,359	4.42
Total	3,112	3,33,36,568	100.00

* Asia Investments Private Limited & Others

Management Discussion and Analysis

i) Industry Structure and Development

While the world struggled with recession during part of the year 2009-10, Indian economy showed its resilience by not only overcoming the recession but also recording a growth in GNP of about 8%, a decent growth rate though less than what otherwise was planned. Industrial output grew at 10.4% against 2.8% in the previous fiscal when the global slow down had hit the Indian economy. However, the last 6 months of the fiscal year saw industrial output growth at 14%, due to the very positive stimulus packages given by Government of India. Within this economic scenario Automotive Industry grew by 26% during the year.

ii) Opportunities and Threats

Growth momentum of automotive industry offers opportunity to our Company in terms of increasing its business. The company plans to double its sales in 4 years time. The Company's strategy of having its quality product and catering to export customers commensurate with built up of its production capacities, gives it an opportunity and possibility to acquire increasing business shares for OEMs and Export market.

Shortage of management talent and shrinking pool of knowledge workers flow is happening because of increased demand of the growing economy. The Company has launched many programs such as Mentoring, Coaching, Advance Leadership Programs and campus interview in various colleges for recruiting young talents and also developing talents from within the system. The structured approach is showing positive results.

The potential and growth of Indian Automotive Sector is attracting attention of all competing international players and encouraging existing manufacturers to make investments. The competition is therefore likely to become fiercer with entry of more players. The Company is sensitive to the competitive threats and is confident of its ability to sustain its dominant position due to its capabilities of developing and delivering cost effective quality products.

The threat of exchange fluctuation adversely impacting exports is neutralized by natural hedge & by taking forward trade covers at appropriate times.

iii) Business Overview

The company started special focus on development of 'Replacement Market' which has resulted into sales growth from Rs.370 Million to Rs.430 Million for 2009-10 in this segment. This momentum is likely to continue even in future. The Company has introduced products like PVD Coating for the replacement market during the year.

The company also continue to focus its export business by exploring new markets in Europe & US for Piston Rings, Castings, Plates etc . The company made significant progress in the financial year 2009-10 by achieving sales of Rs 235 Million in 2009-10 & targeting its export business to double in next four years.

iv) Future Outlook

Based on indicators given by the Government, Trade Associations and Economic Analysts, the outlook for the Indian economy and more so for the Automotive Industry is positive, wherein the overall growth in the automotive sector is likely to be 15% for next two to three years. This optimism is also based on the investments which all players in the automotive industry are making in their respective businesses. The company also has a substantial investment plan in the next few years to ensure its expected growth in tandem with the market requirements.

With broad base of the customer's portfolio and strong progress in all segments, the company is confident of sustaining growth in the immediate future, and tide over industry's short term turbulences, if any.

With the growing volumes, the industry is reaching a critical mass and there would be an opportunity for development of local technology comparable with the world class technology.

v) **Risk & Concerns**

a) **Financial Risks**

➤ **Borrowings**

The borrowings of the company had been showing downward trend in last 2 years and will reduce further significantly in next 2 years. All this was possible because of company started generating good profits & minimizing capital expenditure & focus on working capital improvement.

➤ **Foreign exchange risk**

The Company being net exporter of components and material, hence it is subject to effects of foreign exchange fluctuations. The Company has made Forward Contracts for adjustment of foreign exchange fluctuations and review the same on quarterly basis. In case of purchase of capital goods, if any, the Company is hedging them in consultation with experts.

b) **Legal and Statutory Risks**

➤ **Contractual liability**

The Company has entered into business agreement with major OEM's for supply of components. Terms agreed includes quantity, quality, price, delivery, warranty etc. The Management has taken conscious steps to restrict liabilities under the contract and to cover the risks involved. The Company currently has no litigation in relation to contractual obligations pending against it in any court in India or elsewhere.

➤ **Statutory compliances**

The Company has its legal team in place with appropriate policies towards legal compliances. Continuous monitoring of the business operations by the team through a proper system of reporting ensures that the Company has not defaulted in any of the statutory compliance/requirement.

c) **Political risks**

The stability of the Government has ensured that the declared agenda for growth and economic development continues. The Government is well positioned for creating environment for both. The Government, from time to time, releases policies on Automotive Industry. The profitability of the Company may further be affected by changes in Government Policies on different taxes and duties.

vi) **Human Resources / Industrial Relationship**

Accelerated growth of the Company raises the risk and concerns of managing this growth. The Company being sensitive to this concern has proactively engaged itself in hiring and developing talent with special focus on HR activities for ensuring retention of its people. Availability of knowledge work force is also key concern, which has been addressed by wide spread engagement with technical schools for direct recruitment and offering them well defined growth paths.

The Company has a structured process of identifying young and key talents and nurturing them for senior responsible positions by mentoring, coaching and advance leadership programs. Towards our stated objective of having 30% women, the Company presently has a strength of 10%.

There is a continuous focus on enhancing productivity in all facets of our operations. Training and development of employees continues to be an area of prime focus with key personnel being sent for advanced training within the country and abroad. The Industrial relations climate of the Company remained cordial during the year and continues to be focused towards improving productivity, quality and safety.

vii) Internal control systems and their adequacy.

The Company has satisfactory internal control systems which are continuously evaluated by firms of professional auditors of international repute as internal and statutory auditors. However, anticipating the stresses the projected growth is likely to put on the present internal control systems the Company has initiated the project of implementing a comprehensive ERP system of LN. This program is expected to develop Company's internal control systems, MIS and data management to world class level. The integrated ERP would improve the Company's reporting efficiency enabling it to adequately manage the expected business volumes.

viii) Pollution and Environmental Controls

As a continuous step of utmost importance, environmental concerns are given priority. Accordingly, the Company has taken steps to improve efficiencies and waste management and to comply with applicable environment laws and regulations.

Safety and health of people working in and around the premises of the Company continue to get the maximum attention of the management. The Company takes special care of its employees in terms of improving the working condition and providing safety equipments as per the process requirements. Regular training is being provided to the employees to ensure that the environmental norms are being met and maintained. The Company is regular in investing in new equipments which help in meeting pollution norms and keep the environment clean.

ix) Cautionary Statement

Statement in the Management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual result could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations, include, among others, economic conditions affecting demand/supply and price conditions in the domestic market in which Company operates mainly, changes in Government regulations, tax laws and other statute and incidental factors.

Place : Pune
Date : May 19, 2010

P K Srivastava
Managing Director

Compliance Certificate Under Sec 383 A of the Companies Act, 1956

Company No. : U99999MH1962PLC012316
Authorised Capital : Rs 4,50,00,000/-
Paidup Capital : Rs 3,33,36,568/-

To

The Members of M/s PERFECT CIRCLE INDIA LIMITED 20, MIDC ESTATE, SATPUR, NASHIK 422007

We have examined the registers, records, books and papers of **M/S. PERFECT CIRCLE INDIA LIMITED** (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010.

In our opinion and to the best of my information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year.

1. The company has kept and maintained registers as per Annexure-A as per the provisions and the rules made there under and subject to our specific observations all entries therein have been duly recorded.
2. The company has filed all those forms and returns, with the Registrar of Companies within the time prescribed under the Act and the rules made there under as set out in Annexure-B.
3. The Company being a Limited Company has the minimum paid up capital required for a Limited Company. During the Financial Year, the Company:
 - (i) Has not invited public to subscribe for its shares or debentures; and
 - (ii) Has invited and accepted fixed deposits from Public, Shareholders and Employees of the Company.
4. During the Financial Year, the Board of Directors have duly met 5(five) times viz., 08.04.2009, 27/05/2009, 29/07/2009, 04/11/2009 and 08/02/2010 in respect of which meetings proper notices were given and the proceedings were properly recorded.
5. The Record Date for the purpose of 46th Annual General Meeting of the Members of the Company was 30th June, 2009.
6. The Forty-Sixth Annual General Meeting for the financial year ended on 31.3.2009 was held on July 29, 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra Ordinary General Meeting was held on January 28, 2010 during the financial year under scrutiny for appointment of Managing Director.
8. The company had not advanced loans to director as per Sec.295 of the Companies Act, 1956 during the year under scrutiny.
9. The company has maintained register of contracts as required under Section 301 of the Act and made all the required entries.
10. The company has not entered into any transactions necessitating the approvals from the Board of Directors, Members and previous approval of the Central Government pursuant to Section 314 of the Act during the year under scrutiny.
11. The Company has received requests for issue of duplicate certificates during the financial year under scrutiny.
12. The Company:
 - (i) has effected transfer / transmission of securities during the financial year.
 - (ii) was not required to post warrants to any members of the company as no dividend was declared during the financial year.
 - (iii) has transferred Unclaimed amounts to Investor Education Fund as under Matured deposits, - Rs.8('000), Interest on Fixed Deposits – Rs.3('000), Debenture Interest - Rs. 36 ('000), Debenture Redemption – Rs. 70 ('000) and Dividend – Rs.74(000) under section 205C of the Companies Act, 1956 during the year from April 1, 2009 to March 31, 2010
13. The company has duly complied with the requirements of Section 217 of Act.
14. The Board of Directors of the company is duly constituted and the appointment of Directors have been duly made.
15. The company has appointed Managing Director / Manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year under scrutiny.
17. The company has applied for the required approvals from Central Government, Company Law Board, Regional Directors, Registrars and/or such authorities prescribed under the various provisions of the Act during the financial year.

Company has filed an application under Section 621(A) of the Companies Act, 1956, alongwith other Directors and the officers of the Company during the period of default from 01.10.2008 to 31.01.2010 with the Office of Registrar of Companies, Maharashtra for compounding of offences under Section 297(1) of the Companies Act, 1956 for having entered into an Agreement with Globally Managed Services India Private Limited, (GMSIPL).

18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any further shares during the financial year.
20. The company has not bought back any shares during the financial year.
21. The company has no Redeemable Preference Shares / Debentures.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer in compliance with the provisions of the Act.
23. There were transactions necessitating the compliance of the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975, the applicable directions issued by the Reserve Bank of India / any other authority in respect thereof. It is advised that the Form under Rule 10 of companies (Acceptance of Deposits) Rules 1975 has to be reconciled as per auditors comments made in the notes.
24. The company has made borrowings during the financial year ended 31.03.2010.
25. The company has not made loans and investments, or given guarantees or provided securities to other bodies corporate during the year under scrutiny and consequently no entries have been made in the register kept for the purpose during the year under review.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's Registered Office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the year under scrutiny.
31. According to the information provided to us, no prosecution steps were initiated against or show cause notices received by the company for alleged offences under the Companies Act, 1956 and also no fines or penalties were paid or any other punishment imposed on the company.
32. The company has not received any amounts towards security deposits from its employees during the year under certification.
33. The company has Provident Fund and remitted with the appropriate authorities during the financial year.

The company has complied with all the rules & regulations as per PF Act.

Place : Hyderabad
Date : 19.05.2010

S. Anand S.S. Rao
Company Secretary in Practice
CP No. 5687

ANNEXURE - A

Sl.No.	Section Number	Name of the register
1	108	Share Transfer Register
2	143	Register of Charges
3	150	Register of Members
4	193(1)	Minutes of the meeting of the Board of Directors
5	193(1)	Minutes of the General Meeting
6	301	Register of Contracts
7	303(1)	Register of Directors
8	307(1)	Register of Director's Shareholding
9	372A	Register of Investment/Loans/Guarantees and Securities
10		Board Meeting Attendance Register
11		General Meeting Attendance Register

Place : Hyderabad
Date : 19.05.2010

S. Anand S.S. Rao
Company Secretary in Practice
Partner, CP No. 5687

ANNEXURE - B

Returns / Documents / Forms filed with the Registrar of Companies
for the year 2009-10 (01.04.2009 to 31.03.2010)

Sl. No.	Form No.	Relevant Section	Description	Date of Filing	Whether filed within the prescribed time Yes / No	If delay in filing whether requisite additional fee paid Yes / No
1	32	264(2)	Resignation of Wholetime Director	25.04.2009	Yes	N.A.
2	32	264(2)	Resignation of Director	02.06.2009	No	Yes
3	32	264(2)	Appointment of Director	21.06.2009	Yes	N.A.
4	62	58A	Fixed Deposit Return	30.06.2009	Yes	N.A.
5	23	269	Appointment of Manager	28.08.2009	Yes	N.A.
6	32	264(2)	Appointment of Manager	28.08.2009	Yes	N.A.
7	25C	269	Appointment of Manager	06.09.2009	Yes	N.A.
8	62	58A	FD Advertisement	14.09.2009	Yes	N.A.
9	66	58A	Compliance Certificate	04.10.2009	No	Yes
10	23AC	220	Profit & Loss A/c	06.10.2009	No	Yes
11	20B	159	Annual Return	08.10.2009	No	Yes
12	62	58A	Revision of FD Interest Rates	17.11.2009	Yes	N.A.
13	32	264(2)	Resignation of Director	21.11.2009	Yes	N.A.
14	32	264(2)	Appointment of Managing Director	18.01.2010	No	Yes
15	23	269	Appointment of Managing Director	24.02.2010	Yes	N.A.
16	17	138	Satisfaction of charge	24.02.2010	Yes	N.A.
17	32		Resignation of Director	25.02.2010	Yes	N.A.
18	25C	269	Appointment of Managing Director	25.02.2010	Yes	N.A.
19	32	264(2)	Appointment of Director	24.03.2010	No	Yes
20	61	621A	Compounding of offences	19.03.2010	N.A.	N.A.
21	61	621A	Compounding of offences	19.03.2010	N.A.	N.A.

REGIONAL DIRECTOR - NIL
CENTRAL GOVERNMENT & OTHER AUTHORITIES - NIL

Place : Hyderabad
Date : 19.05.2010

S. Anand S.S. Rao
Company Secretary in Practice
Partner, CP No. 5687

Auditors' Report

To the Members of Perfect Circle India Limited

1. We have audited the attached Balance Sheet of Perfect Circle India Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) Read with Note 8 on Schedule 18 regarding related party disclosures being identified and certified by the Management, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give in the prescribed manner, the information required by the Act, 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 March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Pune
Date : May 24, 2010

Jeetendra Mirchandani
Partner
Membership Number. F - 48125
For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Perfect Circle India Limited on the financial statements for the year ended March 31, 2010

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 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 under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs during the year are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2010, which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of commission and staff welfare and foreign travel expenses	1,203,907	Financial Year 2005-06	Income Tax Appellate Tribunal
The Finance Act, 1994	Service tax on royalty paid to collaborator	347,840	Financial Year 2002-2003	Assistant Commissioner – Service Tax
The Finance Act, 1994	Service tax credit on Canteen Services	297,088	Financial Years 2006-07; 2007-08 & 2008-09	Assistant Commissioner – Central Excise & Customs Division-1, Nashik
The Finance Act, 1994	Service tax credit on Canteen Services	791,024	Financials Years 2005-06 to 2009-10	Joint Commissioner –Central Excise & Customs Division-1, Nashik
The Finance Act, 1994	Service tax credit on Canteen Services	111,081	Financial Year 2008-2009	Deputy Commissioner –Central Excise & Customs Division-1, Nashik
The Finance Act, 1994	Service tax credit on Canteen Services	345,447	Financial Year 2008-09	Assistant Commissioner, Central Excise & Customs
The Central Sales Tax Act, 1956	Liability on C form & local forms pending	357,537	Financial Years 2000-01 to 2003-04	Assistant Commissioner of Sales Tax (Appeal)
The Central Sales Tax Act, 1956	Liability on C form & F Form pending	437,947	Financial Year 2007-08	Additional Commissioner of Sales Tax (Appeal)
The Kerala General Sales Tax Rules, 1963	Dispute over submitted F forms	56,473	Financial Year 2003-04	Deputy Commissioner (Appeals), Ernakulam
The Bombay Stamp Act, 1958	Stamp duty on assets transferred on de-merger	4,000,000	Financial Year 2000-01	High Court of Bombay

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. No debentures have been issued during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Jeetendra Mirchandani

Partner

Membership Number F - 48125

For Price Waterhouse & Co

Firm Registration Number: 007567S

Chartered Accountants

Place : Pune

Date : May 24, 2010

Balance Sheet as at March 31, 2010

Particulars	Schedule	March 31, 2010		March 31, 2009	
		(Rs '000)	(Rs '000)	(Rs '000)	(Rs '000)
Sources of Funds					
Shareholders' Funds					
Capital	1	33,337		33,337	
Reserves & Surplus	2	321,704		261,797	
			355,041		295,134
Loan Funds					
Secured Loans	3	233,685		282,384	
Unsecured Loans	4	177,283		156,066	
			410,968		438,450
Deferred Tax Liability (Net) (See Note 10, Schedule 18)			27,947		26,196
			793,956		759,780
Application of Funds					
Fixed Assets	5				
Gross Block		1,028,322		1,022,963	
Less : Depreciation		608,335		568,651	
Net Block		419,987		454,312	
Capital Work-in-progress		8,480		1,186	
			428,467		455,498
Current Assets, Loans & Advances					
Inventories	6	131,897		99,234	
Sundry Debtors	7	103,134		98,567	
Cash and Bank Balances	8	30,653		14,124	
Loans and Advances	9	237,083		231,335	
		502,767		443,260	
Less: Current Liabilities & Provisions					
Current Liabilities	10	116,489		130,108	
Provisions	11	20,789		8,869	
		137,278		138,977	
Net Current Assets			365,489		304,283
			793,956		759,781
Statement of Significant Accounting Policies	17				
Notes to Accounts	18				

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

Jeetendra Mirchandani
Partner
Membership No. F-48125
For and on behalf of
Price Waterhouse & Co.
Firm Registration Number - 007567S
Chartered Accountants

MAYUR BUMB
Financial Controller

CS PATEL
PK SRIVASTAVA
R KAICKER
R BARTHAKUR
MK GOYAL
] DIRECTORS

Place : Pune
Date : May 24, 2010

Place : Pune
Date : May 19, 2010

Profit and Loss Account for the year ended March 31, 2010

	Particulars	Schedule	(Rs '000)	2009-2010 (Rs '000)	(Rs '000)	2008-2009 (Rs '000)	
Income	Sales Gross			838,849		799,547	
	Less: Excise Duty			47,721		62,668	
	Sales Net			791,128		736,879	
	Other Income	12		19,726		21,479	
				810,854		758,358	
Expenditure	Cost of Materials	13		174,334		206,099	
	Personnel Expenses	14		137,033		124,565	
	Other Expenses	15		337,351		315,474	
	Depreciation (See Note 2, Schedule 17)			46,405		49,649	
	Less: Transfer from Revaluation Reserve (See Note 6, Schedule 18)			195		195	
					46,210		49,454
	Finance Charges	16		42,273		46,511	
					737,201		742,103
	Profit/(Loss) for the year before Tax				73,653		16,255
	Provision for Taxation						
Income Tax							
- Current Tax			12,517				
Less: Minimum Alternate Tax Credit Availed			(12,517)				
- Deferred Tax			1,751		(1,825)		
- Fringe Benefit Tax					1,250		
Wealth tax			99		123		
Tax adjustments relating to earlier years					17,601		
				1,850		17,149	
Profit/(Loss) after Tax				71,803		(894)	
Profit and Loss Account Balance Brought Forward from last Balance Sheet				(17,257)		(16,363)	
Profit available for Appropriation				54,546		(17,257)	
Appropriations							
Transfer to General Reserve				7,180		-	
Proposed Dividend-Equity				10,001		-	
Tax on Proposed Dividend				1,700		-	
Balance carried to Balance Sheet				35,665		-	
				54,546		-	
Earning per Share (in Rs)							
Basic & Diluted of face value of Re. 1 (Previous Year Re. 1) (See Note 9, Schedule 18)				2.15		(0.03)	

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

Jeetendra Mirchandani

Partner

Membership No. F-48125

For and on behalf of

Price Waterhouse & Co.

Firm Registration Number - 007567S

Chartered Accountants

MAYUR BUMB
Financial Controller

CS PATEL
PK SRIVASTAVA
R KAICKER
R BARTHAKUR
MK GOYAL

DIRECTORS

Place : Pune

Date : May 24, 2010

Place : Pune

Date : May 19, 2010

Schedules forming part of the Balance Sheet as at March 31, 2010

Schedule 1 : Capital

Particulars	(Rs '000)	March 31, 2010 (Rs '000)	(Rs '000)	March 31, 2009 (Rs '000)
Authorised				
45,000,000 Equity Shares of Re. 1 each (Previous Year 45,000,000 Equity Shares of Re. 1 each)	45,000		45,000	
50,000 Preference Shares of Rs 100 each	5,000		5,000	
		<u>50,000</u>	<u>50,000</u>	50,000
Issued, Subscribed & Paid up				
33,336,568 Equity Shares of Re. 1 each fully paid up (Previous Year 33,336,568 Equity Shares of Re. 1 each)		33,337		33,337
		<u>33,337</u>	<u>33,337</u>	33,337
(See Note 3, Schedule 18)				

Schedule 2 : Reserves and Surplus

Particulars	(Rs '000)	March 31, 2010 (Rs '000)	(Rs '000)	March 31, 2009 (Rs '000)
Capital Reserve				
i. Revaluation Reserve				
As Per Last Balance Sheet	3,338		3,533	
Less : Transfer to Profit & Loss Account (See Note 6, Schedule 18)	195		195	
	<u>3,143</u>		<u>3,338</u>	
ii. Capital Incentive-from SICOM	2,000		2,000	
		<u>5,143</u>	<u>5,338</u>	5,338
Securities Premium				
As Per Last Balance Sheet		150,132		150,132
General Reserve				
As Per Last Balance Sheet	123,584		114,370	
Add : Transfer from Profit & Loss Account	7,180		-	
Add : Effect of Notification issued on AS-11	-		9,214	
		<u>130,764</u>	<u>123,584</u>	123,584
(See Note 22, Schedule 18)				
(Debit)/ Credit Balance in Profit and Loss Account		<u>35,665</u>	<u>(17,257)</u>	
		<u>321,704</u>	<u>261,797</u>	

Schedule 3 : Secured Loans

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Term Loans from Banks [Repayable within one year Rs. NIL (Previous Year Rs. 99,226 ('000))]	-	99,226
Term Loans from Others [Repayable within one year Rs. 50,000 ('000) (Previous Year Rs 50,000 ('000))]	50,000	50,000
Working Capital Facilities from Banks Cash Credit Facility	180,924	130,546
Vehicle Loan from Banks [Repayable within one year Rs. 238 ('000) (Previous Year Rs. 494 ('000))] (See Note 4, Schedule 18)	1,209	1,704
Finance Lease (See Note 21, Schedule 18)	1,552	908
	<u>233,685</u>	<u>282,384</u>

Schedule 4 : Unsecured Loans

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Fixed Deposits [includes matured and unclaimed Rs. 665 ('000) (Previous Year Rs. 553 ('000))] [Repayable within one year Rs. 14,481 ('000) (Previous Year Rs. 32,981 ('000))]	84,799	52,278
From Banks Loan from Housing Development Finance Corporation Limited for employees [Repayable within one year Rs. 335 ('000) (Previous Year Rs. 232 ('000))]	900	1,080
From Others Inter Corporate Deposits [Include interest accrued & due Rs. 3,876 ('000) (Previous Year Rs. 3,744 ('000))]	36,376	46,244
Sales Tax Deferral [Repayable within one year Rs. 3,147 ('000) (Previous Year Rs. 1,256 ('000))]	55,208	56,464
	<u>177,283</u>	<u>156,066</u>

Schedule 5 : Fixed Assets

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Balance as on April 1, 2009 (Rs '000)	Additions during the year (Rs '000)	Deletions during the year (Rs '000)	Balance as on March 31, 2010 (Rs '000)	Balance as on April 1, 2009 (Rs '000)	Depreciation for the year (Rs '000)	Deletions (Rs '000)	Balance as on March 31, 2010 (Rs '000)	As on March 31, 2010 (Rs '000)	As on March 31, 2009 (Rs '000)
Tangible Assets										
Land	140	-	-	140	-	-	-	-	140	140
Freehold Leasehold	6,700	-	-	6,700	1,685	79	-	1,764	4,936	5,015
Roads	11,494	-	-	11,494	2,043	312	-	2,355	9,139	9,451
Buildings	184,249	903	-	185,152	43,866	5,152	-	49,018	136,134	140,383
Plant & Machinery	776,049	13,107	6,930	782,226	489,824	39,403	6,261	522,966	259,260	286,225
		(See Notes 1&2)								
Furniture, Fittings & Equipment	20,054	-	134	19,920	12,157	873	52	12,978	6,942	7,897
Motor Vehicles	7,082	-	1,587	5,495	2,576	586	408	2,754	2,741	4,506
Intangible Assets										
Computer software	14,755	-	-	14,755	14,060	-	-	14,060	695	695
Technical Know-how	2,440	-	-	2,440	2,440	-	-	2,440	-	-
Total	1,022,963	14,010	8,651	1,028,322	568,651	46,405	6,721	608,335	419,987	454,312
Capital Work-in-progress (See Note 3)	1,186	8,480	1,186	8,480					8,480	1,186
Total	1,024,149	22,490	8,651	1,036,802	568,651	46,405	6,721	608,335	428,467	455,498
Previous Year	997,713	27,167	1,917	1,022,963	520,291	49,649	1,289	568,651	455,498	

(See Note 2, Schedule 17 & Note 6 of Schedule 18)

Notes:

- Includes exchange loss of Rs. 445('000) (Previous Year Rs. 22,107('000)) arising on the reporting of long term foreign currency monetary items relating to fixed assets. Also refer Schedule 18 - Note 22.
- Server costing Rs. 2,286('000) (Previous Year Rs. Nil) (net block Rs.1,894('000) (Previous Year Rs.Nil), acquired under finance lease.
- Capital Advances of Rs. 8,480 ('000) (Previous Year Rs. 1,186 ('000).

Schedule 6 : Inventories

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Raw and Packing Materials	20,955	17,969
Work-in-Progress	35,273	24,036
Semi Finished Products	15,865	9,438
Finished Goods	53,024	42,330
Trading Goods	6,780	5,461
	<u>131,897</u>	<u>99,234</u>

(See Note 4, Schedule 17)

Schedule 7 : Sundry Debtors - Unsecured

Particulars	(Rs '000)	March 31, 2010 (Rs '000)	(Rs '000)	March 31, 2009 (Rs '000)
Debts outstanding over six months				
-Considered good	742		2,306	
-Considered doubtful	-		1,869	
	<u>742</u>		<u>4,175</u>	
Less: Provision for doubtful debts	-		1,869	
		742		2,306
Other Debts				
-Considered good		102,392		96,261
		<u>103,134</u>		<u>98,567</u>

Schedule 8 : Cash and Bank Balances

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Cash in hand	208	224
Balance with Scheduled Banks :		
- On Current Accounts	26,241	10,439
- On Margin Money Account	799	463
[Lodged with banker for issueing Bank Guarantees of Rs. 335 ('000) (Previous Year Rs. NIL)]		
- On Fixed Deposit Account	3,405	2,998
	<u>30,653</u>	<u>14,124</u>

Schedule 9 : Loans and Advances

Particulars	(Rs '000)	March 31, 2010 (Rs '000)	(Rs '000)	March 31, 2009 (Rs '000)
Advances recoverable in cash or in kind or for value to be received				
Unsecured - Considered good (See Note 5, Schedule 18)	177,632		174,714	
Unsecured - Considered doubtful	-		-	
	177,632		174,714	
Less: Provision for doubtful advances	-		-	
		177,632		174,714
Balance with Central Excise & Customs Authorities		2,013		201
Minimum Alternate Tax Credit Entitlement		12,517		-
Advance Income Tax & Tax Deducted at Source [Net of Provision Rs. 158,574 ('000) (Previous Year Rs. 145,958 ('000))]		44,921		56,420
		237,083		231,335

Schedule 10 : Current Liabilities

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Sundry Creditors		
Total Outstanding dues of Micro Enterprises and Small Enterprises (See Note 11, Schedule 18)	-	-
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	96,178	108,314
Deposit from Customers	7,403	7,657
Unpaid Dividend*	546	615
Interest accrued but not due	3,337	3,676
Temporary Book Overdraft	2,135	2,088
Other Liabilities	4,778	5,279
For Excise Duty	2,112	2,479
	116,489	130,108

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund

Schedule 11 : Provisions

Particulars	March 31, 2010 (Rs '000)	March 31, 2009 (Rs '000)
Proposed Dividend - Equity	10,001	-
Tax on Proposed Dividend	1,700	-
For Retirement Benefits	9,088	8,869
Compensated Absences (Leave Liability)* *See Note 14, Schedule 18		
	20,789	8,869

Schedules forming part of the Profit & Loss Account for the year ended March 31, 2010

Schedule 12 : Other Income

Particulars	2009-2010 (Rs '000)	2008-2009 (Rs '000)
Interest		
- On deposit with banks	470	338
- On income tax refund	1,999	-
- Others	201	337
[Tax Deducted at Source Rs. 41 ('000) (Previous Year Rs. 79 ('000))]		
Liabilities/Provisions no longer required written back	200	2,448
Export Incentive	1,751	2,472
Scrap Sales	7,254	13,703
Miscellaneous Income	7,851	2,181
	<u>19,726</u>	<u>21,479</u>

Schedule 13 : Cost of Materials

Particulars	(Rs '000)	2009-2010 (Rs '000)	(Rs '000)	2008-2009 (Rs '000)
Opening Stock				
Raw Materials	16,678		18,027	
Packing Materials	<u>1,291</u>		<u>1,234</u>	
		17,969		19,261
Add: Purchases				
Raw Materials	154,144		165,851	
Packing Materials	<u>13,710</u>		<u>13,525</u>	
		167,854		179,376
		185,823		198,637
Less: Closing Stock				
Raw Materials	19,316		16,678	
Packing Materials	<u>1,639</u>		<u>1,291</u>	
		20,955		17,969
		164,868		180,668
Trading Goods				
Opening Stock	5,461		2,657	
Add : Purchases	39,143		26,055	
Less : Closing Stock	<u>6,780</u>		<u>5,461</u>	
		37,824		23,251
(Increase)/Decrease in Work-in-Progress and Finished Goods				
Opening Stock				
Work-in-Progress	24,036		21,102	
Semi Finished Products	9,438		11,267	
Finished Goods	<u>42,330</u>		<u>45,615</u>	
	75,804		77,984	
Less: Closing Stock				
Work-in-Progress	35,273		24,036	
Semi Finished Products	15,865		9,438	
Finished Goods	<u>53,024</u>		<u>42,330</u>	
	104,162		75,804	
		(28,358)		2,180
Cost of Materials		<u>174,334</u>		<u>206,099</u>

Schedule 14 : Personnel Expenses

Particulars	2009-2010 (Rs '000)	2008-2009 (Rs '000)
Salaries, Wages & Bonus (net)*	120,435	103,595
Contribution to Provident, Gratuity and Superannuation Funds	9,242	11,758
Staff Welfare	7,356	9,212
	<u>137,033</u>	<u>124,565</u>

* Excludes Rs. 1,531 ('000) shown under Research and Development Expenses.
(Previous Year Rs. 2,013 ('000))

Schedule 15 : Other Expenses

Particulars	(Rs '000)	2009-2010 (Rs '000)	(Rs '000)	2008-2009 (Rs '000)
Stores, Spare Parts & Tools		49,362		57,774
Processing Charges		19,804		13,937
Repairs & Maintenance				
Plant & Machinery	9,461		11,697	
Building	2,214		2,738	
Others	15,148		13,750	
		<u>26,823</u>		28,185
Power & Fuel		75,578		63,466
Travelling		6,182		5,130
Rent		9,463		8,879
Rates & Taxes		2,729		703
Insurance		1,162		1,523
Royalty		1,116		1,741
Loss on Sale/Disposal of Fixed Assets (Net)		231		241
Packing & Forwarding Charges		28,251		28,771
Advertisement & Publicity		46,759		38,566
Share of Common Marketing Expenses *		16,002		14,478
Discount on Sales		14,463		11,652
Commission on Export Sales		621		690
Printing & Stationery		1,714		1,626
Communication Expenses		1,181		1,388
Legal & Professional Fees		19,114		21,187
Directors' Fees		90		125
Research & Development Expenses		1,531		2,428
Exchange Fluctuation Loss		2,645		2,016
Miscellaneous Expenses		12,530		10,968
		<u>337,351</u>		<u>315,474</u>

* Represents amounts paid/payable to Victor Gaskets India Limited (VGIL) towards share of costs like salaries, travelling, advertisement etc., since the Company shares a common marketing team with VGIL.

Schedule 16 : Finance Charges

Particulars	2009-2010 (Rs '000)	2008-2009 (Rs '000)
Interest on Fixed Loans		
On Loans	9,370	16,822
On Fixed Deposits	7,555	5,740
		<u>22,562</u>
Interest on Others		
On Cash Credits	18,267	15,868
On Others	7,081	8,081
		<u>23,949</u>
	<u>25,348</u>	
	<u>42,273</u>	<u>46,511</u>

Schedules forming part of the Accounts for the year ended March 31, 2010

Schedule 17 : Statement of Significant Accounting Policies

1. Accounting Convention:

The financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 & the relevant provisions of the Companies Act, 1956.

2. Fixed Assets and Depreciation:

- a) Fixed Assets (except in respect of assets which have been revalued) are stated at their original cost (net of CENVAT credit where applicable) including freight, duties, customs and other incidental expenses relating to acquisition and installation. Interest and other finance charges paid on loans for the acquisition of fixed assets are apportioned to the cost of fixed assets till they are ready for use.
- b) Expenditure incurred during the period of construction is carried forward as capital work-in-progress, and on completion the costs are allocated to the respective fixed assets.
- c) Depreciation on fixed assets, other than those assets, which have been revalued, has been provided on straight-line method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956 except in case of Computers and Computer Software where the rate is 31.67%.
- d) The leasehold land is amortized over the lease period.
- e) In respect of assets revalued on 29.02.1984, depreciation has been provided on gross values based on life of each asset as indicated by valuers (refer Note 6 on Schedule 18).
- f) Technical know-how fees are amortized over a period of 6 years.

3. Investments:

Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of Long-term investments.

4. Valuation of Inventories:

Raw and Packing Materials and Trading Goods are valued at weighted average cost, due allowance being made for obsolete and slow moving items.

Work-in-Progress is valued at cost, which includes raw material cost and applicable manufacturing overheads.

Finished Goods are valued at lower of cost or net realisable value. Costs include material costs and applicable manufacturing overheads.

5. Revenue Recognition:

Revenue from sale of goods is accounted for as per the terms of sales which represents transfer of significant risks and rewards to the customers and Company retains no effective control of the goods transferred to a degree usually associated with ownership.

Sales are recorded net of amount recovered towards sales tax and are net of sales returns.

6. Foreign Currency Transactions:

Foreign Currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing on the Balance Sheet date. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of foreign currency monetary assets and liabilities are recognised in the Profit and Loss Account.

Non-monetary foreign currency items are carried at cost.

In respect of forward contracts, other than forward contracts in respect of firm commitments and highly probable forecast transactions, the premium or discount arising at the inception of forward exchange contract, is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the year.

Any profit or loss arising on settlement or cancellation of other derivative contract (forward contracts in respect of firm commitments and highly probable forecast transactions, swaps and currency options) is recognized as income or expense for the year. Pursuant to The Institute of Chartered Accountants of India's announcement 'Accounting for Derivatives', the Company marks-to-market all outstanding derivative contracts at the year-end and the resultant mark-to-market losses, if any, are recognised in the Profit and Loss Account.

7. Research and Development:

Current revenue expenditure on Research and Development is charged as an expense in the year in which it is incurred. Expenditure, which results in creation of a capital asset, is capitalized under Fixed Assets and depreciation, provided on such assets as applicable.

8. Retirement Benefits:

i) Post-employment Benefits

a) Defined Contribution Plans:

The Company has Defined Contribution Plans for Post employment benefit in the form of Provident Fund for all employees and Superannuation Fund for Managers which is administered by Regional Provident Fund Commissioner and Perfect Circle India Limited Employees Superannuation Trust respectively.

b) Defined Benefit Plans:

Funded Plan: The Company has defined benefit plan for Post-employment benefit in the form of Gratuity for all employees which is administered through Life Insurance Corporation (LIC).

Liability for above defined benefit plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method (PUC).

ii) Other Long-term Employee Benefit:

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The Actuarial valuation method used for measuring the liability is the Projected Accrued Benefit method which is the same as the Projected Unit Credit method in respect of past service. Under this method, the Defined Benefit Obligation is calculated taking into account pattern of availment of leave whilst in service and qualifying salary on the date of availment of leave. In respect of encashment of leave, the Defined Benefit Obligation is calculated taking into account all types of decrement and qualifying salary projected up to the assumed date of encashment.

iii) The Actuarial gains and losses arising during the year are recognized in the Profit and Loss Account of the year without resorting to any amortization.

9. Borrowing Costs:

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use as part of the cost of that asset. Other borrowing costs are charged to revenue account.

10. Accounting for Taxes on Income:

Tax expense (tax benefit) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit and Loss Account for the year and measured at the tax rates that have been enacted or substantially enacted by the Balance Sheet Date.

a) Current Year Charge

The provision for taxation is based on assessable profits of the Company as determined under the Income Tax Act, 1961. Provisions are recorded as considered appropriate for matters under appeal due to disallowances or for other reasons.

b) Deferred Tax

The Company provides for deferred tax using the liability method, based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.

Deferred Tax Assets arising from temporary timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future.

11. Export Incentive:

Export Incentive in respect of exports made under the Duty Drawback (DBK) Receivable Scheme, as per the Import Export Policy, is recognized at a point of reasonable certainty of its ultimate collection.

12. Leases:

Leases of Fixed assets where the Company assumes substantially all the benefits and risks of ownership are classified as Finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability amount and interest so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest amount of the Finance Charges is charged to the Profit and Loss Account over the lease period.

Lease rentals in respect of assets taken on "Operating Lease" are charged to the Profit and Loss Account on accrual basis.

13. Accounting Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the results are known/ materialised.

14. Provisions:

A provision is recognised when there is a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Schedule 18 : Notes to the Accounts

1. Estimated amount of contracts remaining to be executed on Capital Account (Net of Capital Advances) and not provided for Rs. 2,617,275. (Previous Year Rs. 5,692,686)
2. Contingent Liability in respect of:
 - (i) Income tax matters : Rs. 52,566,375 (Previous Year Rs. 50,573,159)
 - (ii) Excise and Service tax matters : Rs. 1,892,480 (Previous Year Rs. 3,196,107)
 - (iii) Sales tax matters : Rs. 5,884,283 (Previous Year Rs. 2,439,802)
(Including pending 'C' Forms and 'F' Forms)
3. Share Capital includes:
 - (i) 30,609,560 (Previous Year: 30,609,560) Equity Shares held by Asia Investment Private Limited, Holding Company.
 - (ii) 4,700 Equity Shares of Rs. 10 each, allotted as fully paid up pursuant to a contract for supply of Machinery without payment received in cash.
 - (iii) 118,550 Equity Shares of Rs. 10 each allotted as fully paid up by way of Bonus Shares by capitalisation of reserves.
 - (iv) 2,082,048 Equity Shares of Rs. 10 each allotted as fully paid up by conversion of Partly Convertible Debentures.

Pursuant to the Scheme of Arrangement demerging the Gaskets business into Victor Gaskets India Limited in the financial year 2001-02 and the consequential reorganization of the capital, the face value of shares was reduced to Rs. 8 each.

Shareholders approved the sub-division of the face value of equity shares from Rs. 8 per share to Re. 1 per share in the Annual General Meeting of the Company held on July 27, 2004. The sub-divided shares were allotted on October 01, 2004. Consequently, the total number of equity shares has increased to 33,336,568.
4. Secured Loans:
 - A) Securities against Working Capital facilities:

The Working Capital facilities are secured by hypothecation of the Company's inventories, receivables and by a second subsequent charge created on the Company's immovable properties and rank pari-passu inter-se amongst bankers.
 - B) Term Loan from Others

The Company has taken a Medium term loan from SICOM. It is secured by way of 1st pari-passu charge on all the movable and immovable assets of the Company.
 - C) Vehicle loan from banks are secured by hypothecation of assets financed by them.
5. Loans & Advances include amount due from Director and officers of the Company Rs. 1,602,093 [Maximum amount due at any time during the year Rs. 1,629,515] (Previous Year Rs. 108,000 and Rs. 189,996 respectively).
6. Fixed Assets (other than those, which have been revalued) are stated at their original cost. Land, Buildings, Plant and Machinery and Furniture and Fixtures are restated at valuation made by Messers. Universal Surveyors & Adjusters Private Limited, Mumbai, consulting engineers and valuers at their current replacement values aggregating Rs. 107,528,920 as at February 29, 1984. The resultant increase in the net book value arising from such revaluation amounting to Rs. 39,640,366 has been transferred to Revaluation Reserve Account in the year ended February 29, 1984. Depreciation attributable to the enhanced value of the assets arising on revaluation amounting to Rs. 194,960 has been transferred from Revaluation Reserve Account to the credit of the Profit and Loss Account.
7. Segmental Reporting:
 - a) **Primary Segment:**

The Company operates only in one business segment viz. Auto Components and Parts.
 - b) **Secondary Segment:**

The Segment Revenue in the geographical segments considered for disclosure is as follows:

Segment Revenues	Rs ('000)	
	2009-2010	2008-2009
Revenue outside India	235,725	275,252
Revenue within India	603,124	524,295

All assets of the Company are located in India.

8. Related party disclosures:

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

A) Name of the related party# and nature of relationship where control exists:

Name of the related Party #	Nature of relationship
Anand Automobile Private Limited	Ultimate Holding Company
Asia Investments Private Limited	Holding Company

B) Following transactions were carried out in the ordinary course of business with parties referred to in (C) below:

Particulars	Rs ('000)		
	Holding Company	Fellow Subsidiary	Key Management Personnel
Managerial Remuneration			
Mr P K Srivastava	-	-	1,490
	(-)	(-)	(-)
Mr A K Agarwal	-	-	89
	(-)	(-)	(6,450)
Mr S C Korde	-	-	557
	(-)	(-)	(-)
Services Received			
Anand Automotive Systems Limited	-	25,485	-
	(-)	(27,792)	(-)
Victor Gasket India Limited	-	16,002	-
	(-)	(14,478)	(-)
Reimbursement of Services Rendered			
Anand Automotive Systems Limited	-	8,822	-
	(-)	(7,888)	(-)
Victor Gasket India Limited	-	148	-
	(-)	(51)	(-)
Outstanding as on March 31, 2010			
Sundry Creditors			
Anand Automotive Systems Limited	-	1,314	-
	(-)	(11,689)	(-)
Victor Gasket India Limited	-	-	-
	(-)	(3,036)	(-)
Advances Given			
Mr P K Srivastava	-	-	1,602
	(-)	(-)	(-)
Mr A K Agarwal	-	-	-
	(-)	(-)	(273)
Mr S C Korde	-	-	164
	(-)	(-)	(-)
Victor Gasket India Limited	-	2,640	-
	(-)	(-)	(-)
Advances			
Mr A K Agarwal	-	-	-
	(-)	(-)	(108)
Anand Automotive Systems Limited	-	142,500	-
	(-)	(143,180)	(-)
Victor Gasket India Limited	-	3,250	-
	(-)	(2,250)	(-)

C) Relationships:

Name of the related Party#	Nature of relationship
Anand Automotive Systems Ltd.	Fellow Subsidiary Company
Victor Gasket India Limited	Fellow Subsidiary Company
Mr A K Agarwal	Key Management Personnel (Till April 9, 2009)*
Mr S C Korde	Key Management Personnel (From August 1, 2009 to November 4, 2009)*
Mr P K Srivastava	Key Management Personnel (From January 1, 2010)*

Related party disclosures being identified and certified by the Management, the information given above has been disclosed on the basis of information available with the company.

Previous year's figures are shown in brackets.

* Excluding non-executive Directors.

As identified and certified by the Management.

9. Earnings per Share:

		<u>2009-2010</u>	<u>2008-2009</u>
Weighted Average number of equity shares outstanding during the year	(a)	33,336,568	33,336,568
Net Profit for the year as reported (Rs. '000)	(b)	71,803	(894)
Earning per Share (Rs.)			
Basic & Diluted	(b/a)	2.15	(0.03)
Nominal Value of Shares (Re.)		1	1

10. The Company estimates deferred tax charge / (credit) using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The net deferred tax liability is as given below:

		<u>March 31,</u>	<u>March 31,</u>
		<u>2010</u>	<u>2009</u>
			(Rs '000)
Timing Differences on account of:			
Assets -			
Costs of Voluntary Retirement Scheme	-		(71)
Expenses allowable on payment basis	(1,142)		(2,469)
Provision for doubtful debts	-		(635)
Stamp Duty	(1,329)		(1,360)
Unabsorbed Depreciation	(17,384)		(26,203)
		<u>(19,855)</u>	<u>(30,738)</u>
Liabilities -			
Depreciation		<u>47,802</u>	<u>56,934</u>
Net Deferred Tax Assets		<u>27,947</u>	<u>26,196</u>

11. The company has complied this information based on the current information in its possession. As at March 31, 2010, no supplier has intimated the company about its status as Micro & Small Enterprises or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Act, 2006.

12. Information pursuant to the provisions of paragraph 3 of Part II of Schedule VI to the Companies Act, 1956.

(a) Opening Stock and Closing Stock of Goods Manufactured

PRODUCT	Unit	YEAR	OPENING STOCK		CLOSING STOCK	
			Qty.	Value in (Rs '000)	Qty.	Value in (Rs '000)
Rings	Nos.	2009-2010	1,523,185	42,330	1,663,586	53,024
	Nos.	2008-2009	1,936,559	45,615	1,523,185	42,330
Semi Finished Products	Nos.	2009-2010	762,870	9,438	968,551	15,865
	Nos.	2008-2009	558,505	11,267	762,870	9,438

(b) Details of Purchased Finished Goods

	OPENING STOCK		PURCHASES		CLOSING STOCK	
	Nos.	Value in (Rs '000)	Nos.	Value in (Rs '000)	Nos.	Value in (Rs '000)
Rings						
2009-2010	54,634	5,461	392,959	39,143	86,024	6,780
2008-2009	34,706	2,657	252,465	26,055	54,634	5,461

(c) Turnover

	Unit	Qty.	Value in (Rs '000)
Rings			
2009-2010	Nos.	13,648,776	723,548
2008-2009	Nos.	12,357,714	656,040
Semi-finished Products*			
2009-2010	Nos.	5,844,072	115,301
2008-2009	Nos.	7,568,144	143,507

* Excludes internal consumption of 16,017,453 Semi-finished Products (Previous year 12,920,961 Semi-finished Products)

(d) Consumption of Raw Materials, Components and Packing Materials

Particulars	Unit	2009-2010		2008-2009	
		Qty.	Value in (Rs '000)	Qty.	Value in (Rs '000)
Pig Iron	Kgs.	1,568,707	34,229	1,390,570	42,267
Oils	Ltrs.	139,116	11,337	166,535	13,424
Springs	Nos.	2,595,896	16,633	2,401,085	17,030
Sleeves	Nos.	4,605	4,747	3,953	4,629
Steel Wire	Kgs.	4,241	6,311	7,052	10,199
Others			91,611		93,119
			164,868		180,668

13. **Remuneration to Directors**

	2009-2010 (Rs '000)	2008-2009 (Rs '000)
(i) Salary	1,907	6,120
(ii) Company's contribution to Provident Fund, Superannuation Fund, etc.	229	292
(iii) Perquisites inclusive of monetary value	-	38
	<u>2,136</u>	<u>6,450</u>

Notes:-

1. As the future liability for gratuity and compensated absences is provided for the company as a whole, the amounts pertaining to the Managing Director is not ascertainable and is therefore not included above.

14. **Disclosures in accordance with Revised AS-15 on "Employee Benefits"**

The Accounting Standard 15 (Revised 2005) on "Employee Benefits" AS 15 (Revised 2005) issued by the Institute of Chartered Accountants of India, has been adopted by the Company with effect from April 1, 2006.

A. Defined Contribution Plans – The Company has recognised the following amounts in the Profit and Loss Account for the year:

	(Rs '000)	
Particulars	2009-2010	2008-2009
Contribution to Employees Provident Fund	7,947	7,199
Contribution to Management Superannuation Fund	1,081	1,698
Total	<u>9,028</u>	<u>8,897</u>

B. Defined Benefit Plans –

- a) The following figures are as per actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary.

A reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):

Sr. No.	Particulars	(Rs '000)			
		Gratuity		Compensated Absence	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Opening DBO	30,749	29,133	8,869	9,950
i)	Current Service Cost	1,650	2,033	1,640	1,754
ii)	Interest Cost	2,189	2,054	629	707
iii)	Actuarial (Gains) / Losses	(4,578)	1,026	(1,072)	(2,484)
iv)	Benefits Paid	(3,115)	(3,498)	(978)	(1,058)
	Closing DBO	26,895	30,749	9,088	8,869

- b) A reconciliation of the opening and closing balances of the fair value of plan assets:

Sr. No.	Particulars	(Rs '000)	
		Gratuity	
		March 31, 2010	March 31, 2009
	Opening Fair Value of Plan Assets	32,353	29,690
i)	Expected Return on Plan Assets	2,879	2,764
ii)	Actuarial Gains / (Losses)	102	(165)
iii)	Contribution by the Employer	326	3,562
iv)	Benefits Paid	(3,115)	(3,498)
	Closing Fair Value of Plan Assets	32,545	32,353

- c) Amount recognized in Balance Sheet including a reconciliation of the present value of the defined obligation in (a) and the fair value of the plan assets in (b) to the assets and liabilities recognized in the balance sheet:

(Rs '000)

Sr. No.	Particulars	Gratuity		Compensated Absence	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
i)	Present value of Funded Obligations	26,895	30,749	9,088	8,869
ii)	Fair value of Plan Assets	(32,545)	(32,353)	-	-
	Net Liability/(Asset) recognized in Balance Sheet	(5,650)	(1,604)	9,088	8,869

- d) The total expense recognised in the Profit and Loss Account:

(Rs '000)

Sr. No.	Particulars	Gratuity		Compensated Absence	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
i)	Current Service Cost	1,650	2,033	1,640	1,754
ii)	Interest Cost	2,189	2,054	629	707
iii)	Expected Return on Plan Assets	(2,879)	2,764	-	-
iv)	Actuarial (Gains) / Losses	(4,680)	1,191	(1,072)	(2,484)
	Total	(3,720)	2,514	1,197	(23)

All of the above have been included in Schedule 14 of the Profit and Loss Account.

- e) For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:

Sr. No.	Particulars	Gratuity	
		Current Year	Previous Year
i)	Insurer Managed	100.00%	100.00%
	Total	100.00%	100.00%

- f) The expected return on assets is based on the expected return on plan assets over the accounting period based on an assumed rate of return.
- g) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rate	7.50%	7.50%	7.50%	7.50%
Expected Rate of Return on Plan Assets	9.30%	9.30%	9.30%	9.30%
Salary Escalation Rate Unionised/Others	5% / 7%	5% / 7%	5% / 7%	5% / 7%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

15. Auditors' Remuneration

	2009-2010 (Rs '000)	2008-2009 (Rs '000)
1. Audit Fees	700	700
2. Reimbursement of Out of Pocket Expenses	50	57
	750	757

16. **Information pursuant to the provisions of Paragraph 4C Part II of Schedule VI to the Companies Act, 1956.**

Licensed and Installed Capacities (per annum) and Production:

	Year	Licensed Capacity Nos.*	Installed Capacity Nos.**	Actual Production Nos.
Rings	2009-2010		15,000,000	13,427,608
	2008-2009		15,000,000	11,711,803
Semi Finished Products	2009-2010		40,000,000	22,067,206
	2008-2009		40,000,000	20,693,470
Ductile Division	2009-2010	Kgs.	1,200,000	183,057
	2008-2009	Kgs.	1,200,000	90,154

* Licensing requirement for automotive parts have been dispensed w.e.f. July 25, 1991.

** Installed Capacity has been accepted by the auditors without verification, this being a technical matter.

17. **Value of Imports on C.I.F. Basis**

	2009-2010 (Rs '000)	2008-2009 (Rs '000)
Raw Materials	10,151	16,486
Components, Stores and Spares	2,023	2,119
Finished Goods	20,638	23,246
	32,812	41,851

18. **Expenditure in Foreign Currency**

	2009-2010 (Rs '000)	2008-2009 (Rs '000)
Traveling Expenses	109	403
Royalty (Net of Tax) (Paid to Mahle Engine Component USA, Inc.) (on payment basis)	1,030	1,909
Interest on Foreign Currency Loans	1,869	9,266
Others	5,266	9,278
	8,274	20,856

19. **Earning in Foreign Exchange**

	2009-2010 (Rs '000)	2008-2009 (Rs '000)
FOB Value of Exports	217,310	253,426
Recovery of freight charges	18,415	21,826
	235,725	275,252

20. **Value of Imported and Indigenous Raw Materials, Packing Materials and Components and Spares Consumed**

	2009-2010				2008-2009			
	Raw Materials & Packing Materials		Spares		Raw Materials & Packing Materials		Spares	
	(Rs '000)	%	(Rs '000)	%	(Rs '000)	%	(Rs '000)	%
Imported	13,246	8.0	2,023	4.1	15,303	8.5	2,119	3.7
Indigenous	151,622	92.0	47,339	95.9	165,365	91.5	55,655	96.3
	164,868	100.0	49,362	100.0	180,668	100.0	57,774	100.0

21. **Lease commitments**

Finance lease :

The Company has acquired HP Server under finance lease arrangements for a period of three years.

The future minimum lease payments under the lease as of March 31, 2010 are as follows:

Particulars	Due within 12 months (Rs '000)	Due between 12-60 months (Rs '000)	Due for more than 60 months (Rs '000)	Total amount due (Rs '000)
Minimum lease	733	1,099	-	1,832
	(323)	(784)	-	(1,107)
Less : Amount representing interest	169	111	-	280
	(94)	(105)	-	(199)
Present value of minimum lease	564	988	-	1,552
	(229)	(679)	-	(908)

22. **Foreign Currency Loan effects:**

The company has opted for Notification No.G.S.R.225 (E) issued by the ministry of Corporate Affairs on March 31, 2009 in respect of accounting periods commencing on or after December 07, 2006 and ending on or before March 31, 2011. In accordance with this Notification, the company has credited Rs.13,939 ('000) (Net of Deferred Tax Rs. 4,725 ('000)) to the General Reserve Balances at April 1, 2008.

In the current year, exchange loss of Rs. 445 ('000) (Previous Year Rs. 81,68 ('000)) arising on reporting of long term foreign currency monetary items relating to fixed assets been added to the cost of fixed assets in accordance with the notification mentioned above.

23. **Derivative Instruments:**

The Company enters into Forward Exchange Contracts being derivative instruments, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or availed at the settlement.

(a) The following are the outstanding Forward Exchange Contracts entered into by the Company:

Sr. No.	Particulars	As at March 31, 2010		As at March 31, 2009	
		Amount in foreign Currency (in '000)	Amount in INR (in '000)	Amount in foreign Currency (in '000)	Amount in INR (in '000)
1	Assets				
	(a) Euro	700	49,435	475	33,564
	(b) USD	450	21,428	750	35,264

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

Sr. No.	Particulars	As at March 31, 2010		As at March 31, 2009	
		Amount in foreign Currency (in '000)	Amount in INR (in '000)	Amount in foreign Currency (in '000)	Amount in INR (in '000)
1	Assets				
	(a) USD	260	11,717	435	22,172
	(b) Euro	428	25,912	353	23,801
2	Liabilities				
	(a) USD	51	2,309	30	1,543
	(b) Euro	3	205	-	-
	(c) JPY	837	405	471	244
3	Loan Payable				
	(a) Euro	-	-	1,470	99,226

24. During the year Company has entered into transactions amounting to Rs. 1,300 ('000) [previous year Rs. 462 ('000)] with a private limited Company in which one of the Director of the Company is interested. These transactions require prior approval of Central Government in terms of Section 297 of the Companies Act 1956 (Act). The Company has since applied to the Company Law Board under Section 621A of the Act for compounding of offence. Reply from the Company Law Board is awaited.

25. The previous year figures have been regrouped wherever necessary in order to confirm to the current year's presentation.

26. Additional Information pursuant to the Provisions of Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. State Code

Balance Sheet

31	03	2010
Date	Month	Year

II Capital Raised during the year
(Amount in Rs. '000)

Public Issue	Rights Issue
<input type="text" value="Nil"/>	<input type="text" value="Nil"/>
Bonus Issue	Private Placements
<input type="text" value="Nil"/>	<input type="text" value="Nil"/>

III Position of Mobilisation and Deployment of Funds
(Amount in Rs. '000)

	Total Liabilities		Total Assets
	<input type="text" value="793,956"/>		<input type="text" value="793,956"/>
Sources of Funds:			
	Paid up Capital		Reserves & Surplus
	<input type="text" value="33,337"/>		<input type="text" value="321,704"/>
	Secured Loans		Unsecured Loans
	<input type="text" value="233,685"/>		<input type="text" value="177,283"/>
	Deferred Tax Liability (Net)		
	<input type="text" value="27,947"/>		
Application of Funds:			
	Net Fixed Assets		Investments
	<input type="text" value="428,467"/>		<input type="text" value="Nil"/>
	Net Current Assets		Misc. Expenditure
	<input type="text" value="365,489"/>		<input type="text" value="Nil"/>
	Accumulated Losses		
	<input type="text" value="Nil"/>		

IV Performance of the Company
(Amount in Rs. '000)

Turnover	Total Expenditure
<input type="text" value="810,854"/>	<input type="text" value="737,201"/>
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
<input type="text" value="73,653"/>	<input type="text" value="71,803"/>
Earnings pershare in (Rs.)	Dividend Rate %
<input type="text" value="2.15"/>	<input type="text" value="30%"/>

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

Item Code No.

Product Description

Signatures to Schedule 1 to 18

MAYUR BUMB
Financial Controller

Pune, May 19, 2009

CS PATEL PK SRIVASTAVA R KAICKER R BARTHAKUR MK GOYAL	} DIRECTORS
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Cash Flow Statement for the year ended March 31, 2010

	(Rs '000)	2009-2010 (Rs '000)	(Rs '000)	2008-2009 (Rs '000)
A. Cash Flow from Operating activities				
Net Profit/(Loss) before Tax		73,653		16,255
Adjustment for :				
Depreciation	46,210		49,454	
Interest Expense	42,273		46,511	
Interest Income - Gross	(671)		(675)	
Liabilities /Provision no longer required written back	(200)		(2,448)	
Loss on sale/scrapping of Assets (net)	231		241	
		<u>87,843</u>		<u>93,083</u>
Operating profit before working capital changes		161,496		109,338
Adjustments for:				
- (Increase)/Decrease in Sundry Debtors	(2,700)		59,041	
- (Increase)/Decrease in Other Receivables	(5,048)		16,645	
- (Increase)/Decrease in Inventories	(32,663)		668	
- Increase/(Decrease) in Trade Payables	(14,449)		(33,431)	
		<u>(54,860)</u>		<u>42,923</u>
Cash generated from Operations		106,636		152,261
- Direct Taxes Paid (net of refunds)	(1,118)		(2,157)	
		<u>(1,118)</u>		<u>(2,157)</u>
Net Cash from/(used in) Operating activities		105,518		150,104
B. Cash Flow from Investing activities				
Purchase of Fixed Assets	(13,565)		(7,302)	
(Increase) / Decrease in Capital Work in Progress	(7,294)		(470)	
Sale of Fixed Assets	1,699		387	
Interest received	989		446	
Net Cash from / (used in) Investing activities		(18,171)		(6,939)
C. Cash Flow from Financing activities				
(Repayment of)/Proceeds from Long Term Borrowings (Net)	(100,958)		(98,422)	
(Repayment of)/Proceeds from Fixed Deposits (Net)	32,521		(5,080)	
(Repayment of)/Proceeds from Working Capital Facilities (Net)	40,378		6,799	
Interest Paid	(42,759)		(45,199)	
Net Cash used in Financing activities		(70,818)		(141,902)
Net Increase /(Decrease) in Cash and Cash Equivalents		16,529		1,263
Cash and Cash Equivalents as at the beginning of the year		14,124		12,861
Cash and Cash Equivalents as at the end of the year		30,653		14,124

Notes to the Cash Flow Statement for the year ended March 31, 2010

1. The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo.
3. Cash and cash equivalents comprise:

	Rs. '000		
	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Cash in hand	208	224	253
Balances with bank on current account :			
Unclaimed dividend account (restricted)	546	615	746
Other current accounts	25,695	9,824	8,401
On Margin money account	799	463	463
Balances with bank on deposit account	3,405	2,998	2,998
Total	30,653	14,124	12,861

- 4) Previous year figures have been regrouped and recast wherever necessary to confirm to the current year's classification.

This is the Cash Flow Statement referred to in our report of even date.

Jeetendra Mirchandani

Partner

Membership No. F-48125

For and on behalf of

Price Waterhouse & Co.

Firm Registration Number - 007567S

Chartered Accountants

Place : Pune

Date : May 24, 2010

MAYUR BUMB

Financial Controller

Place : Pune

Date : May 19, 2010

CS PATEL
PK SRIVASTAVA
R KAICKER
R BARTHAKUR
MK GOYAL

】 DIRECTORS

Annexure to Directors' Report

Annexure To Directors' Report

Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2010.

Name	Age Years	Remuneration Rs Million	Designation	Nature of Duties	Qualification	Experience Years	Date of Joining	Last Employment Held	
								Designation	Name of Employer
Mr P K Srivastava	55	7.8	Group President & M.D.	Managing Director	B. E. (Incl.), P.G.D.B.M., IIM, Kolkata	34	July, 1986	Manager	Mahle Filter Systems (India) Limited
Mr AK Agarwal*	60	5.6	President	As Chief Operating Officer	B.E. (Metallurgy)	38	June, 1989	General Manager	Sansar Foundries Private Limited
Mr GR Pai**	58	6.3	Vice President	On deputation to another Company	B.E. (Mechanical)	34	October, 1976	Design Executive	Petrochem
Mr MK Goyal	40	1.9	Vice President & Director	On deputation to another Company	B. Com, CA,CS CWA	18	July 2002	Sr. Manager	MAHLE Filter Systems (India Limited)
Mr S C Korde	49	2.9	Vice President & COO	As Chief Operating Officer	B.E. (E)	27	July, 1983	-	Has been in employment with the Company since beginning

- Notes:**
1. The nature of employment is contractual
 2. Remuneration as shown above includes salary, allowances, commission, leave travel allowance, Company's Contribution to Provident Fund and Superannuation Fund, expenditure incurred by the Company on accommodation, transport, insurance, medical, club membership, Gratuity paid and contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available. Wherever the actual costs are not ascertainable, the monetary value of the perquisites as per Income Tax Rules, 1962 has been considered.
 3. Mr P K Srivastava was appointed as Managing Director w.e.f. January 1, 2010
 4. * Mr A K Agarwal resigned w.e.f. 31.12.2009.
 5. ** Mr G R Pai resigned w.e.f. 31.12.2009.
 6. Mr M K Goyal resigned as the Vice President of the Company w.e.f. 30.04.2009.

For and on behalf of the Board

Place : Pune
Date : May 19, 2010

CS Patel
Chairman

ATTENDANCE SLIP

Perfect Circle India Limited

Registered Office:

20, MIDC Estate, Satpur, Nashik 422 007

(To be handed over at the entrance of the Meeting Hall)

Name of the Shareholder (in Block Letters)	Member's Folio Number
Name of the Proxy (in Block Letters) (To be filled in if the Proxy attends instead of the Member)	

No. of shares held.....

I hereby record my presence at the 47th Annual General Meeting on Monday, July 26, 2010 at 20, MIDC Estate, Satpur, Nashik 422 007

Member's/Proxy's Signature

To be signed at the time of handing over this slip

Perfect Circle India Limited

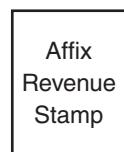
PROXY

I/Weof
being a Member of Perfect Circle India hereby appoint
..... of or failing him
..... of

as my/our proxy to attend and vote for me/us and on my/our behalf at the 47th Annual General Meeting of the Company to be held on July 26, 2010 and at any adjournment thereof.

As witness my/our hand(s) this day of 2010

Signed by the said.....



PERFECT CIRCLE

