Piramal Glass

knowledge action care

Accounts of Subsidiary Companies
2010 - 2011

contents

REPORT ON THE AFFAIRS OF THE COMPANY

To the Shareholders

The Board of Directors have pleasure in presenting the 56th Annual Report and the Audited Accounts of the Company for the year ended 31st March 2011.

REVIEW OF YEAR

The Chairman's statement describes in brief of the Company's affairs and the performance during the year and also mentions the events subsequent to the balance sheet date.

PRINCIPAL ACTIVITY

Principal activity of the Company is the manufacture and sale of Glass Containers. The Company owns Freehold Land at Ratmalana (21 acres-LKR 700M ₹ 287M) and Nattandiya (54 acres-LKR 99M ₹ 40.59M) and Leasehold Land at Horana (25 acres-LKR 22.3M ₹ 9.14M) and Nattandiya (9 acres-LKR 1.2M ₹ 0.49M).

CURRENCY

All figures appearing in the accounts are in Sri Lankan Rupees and has been denoted as “LKR”.

FINANCIAL RESULTS

	2011 LKR '000	2011 ₹ (Mio)	2010 LKR '000	2010 ₹ (Mio)
Revenue	4,163,266.00	1,706.94	3,518,763.00	1,477.88
Cost of Sales	(2,897,996.00)	(1,188.18)	(2,619,315.00)	(1,100.11)
Gross Profit	1,265,270.00	518.76	899,448.00	377.77
Other Operating Income	11,567.00	4.74	3,365.00	1.41
Admin & Distribution Cost	(378,414.00)	(155.15)	(382,719.00)	(160.74)
Finance Cost	(306,470.00)	(125.65)	(581,186.00)	(244.10)
Profit/ (Loss) Before Tax	591,953.00	242.70	(61,092.00)	(25.66)
Income Tax Expense	(13,279.00)	(5.44)	–	
Profit/ (Loss) for the Year	578,674.00	237.26	(61,092.00)	(25.66)

SALES HIGHLIGHTS

The Total revenue for the year ending 31st March 2011 grew by 18.3% to LKR 4,163.3 million (₹ 1706.95 million) as against LKR 3,518.8 Million (₹ 1477.88 million) in the previous year. Domestic market was the main contributor towards this growth and it has reported LKR 3,159 million (₹ 1295.19 milion) in the current year compared to LKR 2,353 million (₹ 987.84 million) reported in previous year which is reflected a growth of 34.3%. The momentum gained in the export market has continued with the company achieving over LKR 1 billion (₹ 0.41 billion) of sales consistently.

PRODUCTION HIGHLIGHTS

With the ongoing improvements and stabilization of the plant, the total production in packed tons for the current year was 68,910 tons as against 61,859 tons in the previous year. The daily production of glass tonnage drawn from the furnace has increased from 218 tonnes in previous year to 234 tonnes in current year, with efficiency too increasing by over 2%. The new furnace at Horana has a designed capacity of 205 tons per day which can go up to 250 tons per day.

EMPLOYMENT

The Company has employed a total of 412 persons as at 31st March 2011. (2010 was 384)

CAPITAL EXPENDITURE AND INVESTMENTS

The Company invested a total of LKR 172,630,912 /- (₹ 70,778,674/-) at Property, Plant and Equipment. (2010 was LKR 48,411,389/- ₹ 18,880,442/-).

The capital commitments as at the balance sheet date are disclosed in Note 4.7 to the Accounts.

SHARE CAPITAL

The Stated capital as at the end of the year was LKR 1,526,407,485/-(₹ 634,156,157/-), consisting of 950,086,080 number of ordinary shares.

SHARE HOLDINGS

There were 12,910 registered shareholders as at 31st March 2011.

THE POST BALANCE SHEET EVENTS

The Post Balance Sheet events are disclosed in Note 26 to the Accounts. No events have taken place since the Balance Sheet dated which would require any adjustments or disclosures other than the above.

THE BOARD OF DIRECTORS

Vijay Shah - Chairman
Dr.C.T.S.B. Perera
R.M.S. Fernando
Sanjay Tiwari - CEO / Executive Director
Sandeep Arora

APPOINTMENT OF NEW DIRECTOR

None

PERSONS WHO CEASED TO BE DIRECTORS

None

DIRECTORS' INTEREST REGISTER

The Directors have made declarations as provided for in section 192 (2) of the Companies Act No. 7 of 2007.

The related entries were made in the interest register during the year under review. The related party disclosures are referred to in Note 27 to the Financial Statements. Mr.Vijay Shah, Chairman of the Company is the Managing Director of Piramal Glass Ltd. The share ownership of directors is indicated below.

DIRECTORS' SHAREHOLDINGS

The Directors' and their spouse's share holdings as at 31st March are :

	2011	**2010**
Dr. C.T.S.B. Perera	50,000	50,000
Mr. R.M.S. Fernando	1,000,000	-

DIRECTORS' EMOLUMENTS

The remunerations and other benefits made to the Directors during the year are disclosed in Note 27.3.

DONATIONS

The donations made by the company during the year are disclosed in Note 21.

AUDITORS

The Accounts have been audited by Messrs. Ernst & Young, Chartered Accountants of Sri Lanka, who have indicated their willingness to continue in office and a resolution relating to their reappointment, will be proposed at the Annual General Meeting. Audit fees and expenses paid to Messrs. Ernst & Young for the FY 11 is LKR 600,000/- ₹ 2,46,000/- (2010 LKR 565,325/- ₹ 237,436/-) and fees and expenses for taxation services is LKR 241,182/- ₹ 98,884.62/- (2010 LKR 177,460/- ₹ 74,533/-). As far as the Directors are aware, the auditors do not have any other relationship with the Company or any of its subsidiaries.

Sgd. Mr. Sanjay Tiwari	**Sgd. Dr. C.T.S.B. Perera**	**Sgd. Ms. Sagarika Jayasundera**
CEO / Executive Director	Director	Company Secretary

03rd May 2011

DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Auditors' Report sets out the respective responsibilities of the Directors and Auditors relating to the Financial Statements and this statement provides additional information. The responsibility of the Auditors, in relation to the Financial Statements, is set out in the Auditors' Report on page 5 of the Annual Report.

The external auditors M/s Ernst & Young, appointed in accordance with the resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake whatever inspections they consider appropriate to enable them to form their opinion on the financial statements.

The directors are required by relevant statutory provisions to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the company for that period. The Financial Statement for the year 2009/2010 prepared and presented in this report are consistent with the underlying books of account and are in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 2000 and the New Listing Rules of the Colombo Stock Exchange. The responsibility of the Directors, in relation to the Financial Statements, is set out in the following statement.

Under section 151 (1) of the Companies Act No. 7 of 2007, the Directors of the Company have responsibilities for ensuring that the Company keeps proper books of account of all the transactions and prepares financial statements that give a true and fair view of the state of affairs of the Company and the profit or loss or income and expenditure for the accounting period ending on that balance sheet date.

The Directors consider that these Financial Statements have been prepared using appropriate accounting policies, applied consistently, and supported by reasonable and prudent judgments and estimates and is in compliance with applicable Sri Lanka Accounting Standards and provide the information required by the Companies Act, as relevant. Any change to accounting policies and reasons for such change, is disclosed in the “Notes to the Financial Statements”.

The Directors are responsible for keeping proper accounting records, and to take reasonable steps as far as practicable to ensure the accuracy and reliability of accounting records, to enable the preparation of financial statements. The Directors have general responsibilities to take reasonable steps to safeguard the assets of the Company.

In discharging this responsibility the Directors have instituted a system of internal controls and a system for monitoring its effectiveness. The system of controls provide reasonable and not absolute assurance of safeguarding of Company's assets, maintenance of proper accounting records and the reliability of financial information.

The Directors confirm that the best of their knowledge, all statutory payments relating to employees and Government and other Statutory bodies that were due in respect of the company have been paid where relevant or provided for.

The Directors believe, after reviewing the financial position and the cash flow of the Company, that the Company has adequate resources to continue in operation for the foreseeable future and therefore, these Financial Statements are prepared on a going concern basis.

By order of the Board

SAGARIKA JAYASUNDERA
Company Secretary
Piramal Glass Ceylon PLC

3rd May 2011.

AUDITORS REPORT

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF
PIRAMAL GLASS CEYLON PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Piramal Glass Ceylon PLC which comprise the balance sheet as at 31 March 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from 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 policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2011 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2011 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

21 April 2011
Colombo.

Income Statement for the year ended 31st March 2011 and 31st March 2010

	Note	2011 SLR	2011 ₹*	2010 SLR	2010 ₹*
Revenue	3	4,163,266,245	1,706,939,160	3,518,763,226	1,477,880,555
Cost of Sales		(2,897,996,308)	(1,188,270,646)	(2,619,315,579)	(1,101,945,417)
Gross Profit		1,265,269,937	518,668,515	899,447,648	375,935,138
Other Operating Income	19	11,567,370	4,742,622	3,365,143	1,413,360
Distribution Costs		(97,704,397)	(40,058,803)	(101,339,564)	(42,562,617)
Administrative Expenses		(280,709,814)	(115,091,024)	(281,379,111)	(118,179,227)
Finance Cost	20	(306,469,768)	(125,652,605)	(581,185,991)	(244,098,116)
Profit/(Loss) Before Tax		591,953,328	242,608,705	(61,091,876)	(27,491,461)
Income Tax (Expense) / Reversal	13	(13,279,260)	(5,444,497)	–	–
Profit/(Loss) for the Period		**578,674,068**	**237,164,208**	**(61,091,876)**	**(27,491,461)**
Earning/(Loss) Per Share - Basic	22	0.61		(0.06)	

The accounting policies and notes on pages 6 through 24 form an integral part of the financial statements.

21 April 2011
Colombo.

* Rupees Equivalent of SLR in audited statement as at March 31, 2011 and March 31, 2010 has been done using closing rate of 1 SLR = 0.41 ₹ and 0.42 as of respective dates

Balance Sheet as at 31st March 2011 and 31st March 2010

	Note	2011 SLR	2011 ₹*	2010 SLR	2010 ₹*
ASSETS					
Non-Current Assets				**(Restated)**	
Property, Plant and Equipment	4	4,140,343,713	1,697,540,922	4,386,344,675	1,710,674,423
Leasehold Property	5	23,524,910	9,645,213	24,629,990	9,605,696
Investment Property	6	666,130,000	273,113,300	666,130,000	259,790,700
Long Term Investment	7	261,359	107,157	261,359	101,930
		4,830,259,982	**1,980,406,592**	**5,077,366,024**	**1,980,172,749**
Current Assets					
Inventories	8	806,022,536	330,469,240	633,656,806	247,126,154
Trade and Other Receivables	9	783,251,770	321,133,226	1,018,304,343	397,138,694
Income Tax Receivables		23,139,430	9,487,166	28,001,636	10,920,638
Cash and Bank Balances	18	205,101,327	84,091,544	44,057,834	17,182,555
		1,817,515,063	**745,181,176**	**1,724,020,619**	**672,368,041**
Total Assets		**6,647,775,045**	**2,725,587,768**	**6,801,386,643**	**2,652,540,791**
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	10	1,526,407,485	634,156,157	1,526,407,485	622,629,729
Reserves	11	688,535,043	282,299,368	688,535,043	268,528,667
Retained Earnings		578,697,447	225,518,260	23,379	(11,645,949)
Exchange Difference			3,418,605		(15,675,743)
Total Equity		**2,793,639,975**	**1,145,392,390**	**2,214,965,907**	**863,836,704**
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	12	1,691,150,877	693,371,860	1,773,967,786	691,847,436
Deferred Tax Liabilities	14	18,979,577	7,781,627	18,979,577	7,402,035
Retirement Benefit Obligations	15	99,543,230	40,812,724	86,925,218	33,900,835
		1,809,673,684	**741,966,210**	**1,879,872,581**	**733,150,306**
Current Liabilities					
Trade and Other Payables	16	822,962,963	337,414,815	795,077,359	310,080,170
Dividends Payable	17	3,952,361	1,620,468	10,860,992	4,235,787
Interest Bearing Loans and Borrowings	12	1,217,546,062	499,193,885	1,900,609,806	741,237,824
		2,044,461,386	**838,229,168**	**2,706,548,156**	**1,055,553,781**
Total Equity and Liabilities		**6,647,775,045**	**2,725,587,768**	**6,801,386,643**	**2,652,540,791**

These Financial Statements are in compliance with the requirements of the Companies Act No: 07 of 2007.

Sgd: Mrs. Niloni Boteju
Financial Controller

The board of directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the board by:

Sgd : Mr. Sanjay Tiwari
CEO & Executive Director

Sgd : Dr. C.T.S.B. Perera
Director

The accounting policies and notes on page 6 through 24 form an integral part of the financial statements

* Rupees Equivalent of SLR in audited statement as at March 31, 2011 and March 31, 2010 has been done using closing rate of 1 SLR = 0.41 ₹ and 0.39 as of respective dates

21 April 2011
Colombo.

Statement of Changes in Equity for year ended 31st March, 2011

	Note	Stated Capital SLR	Other Reserves SLR	Revaluation Reserve SLR	Retained Earnings/(Losses) SLR	Total SLR
Balance as at 1 April 2009		1,526,407,485	21,502,500	667,032,543	61,115,255	2,276,057,783
Net Loss for the Period		–	–	–	(61,091,876)	(61,091,876)
Balance as at 31 March 2010		**1,526,407,485**	**21,502,500**	**667,032,543**	**23,379**	**2,214,965,907**
Net Profit for the Period	21	–	–	–	578,674,068	578,674,068
Balance as at 31 March 2011		**1,526,407,485**	**21,502,500**	**667,032,543**	**578,697,447**	**2,793,639,975**

The accounting policies and notes on pages 6 through 24 form an integral part of the financial statements.

21 April 2011
Colombo.

	Note	Stated Capital ₹	Other Reserves ₹	Revaluation Reserve ₹	Retained Earnings/(Losses) ₹	Total ₹
Balance as at 1 April 2009		657,209,013	9,676,125	300,164,644	15,845,513	982,895,295
Net Loss for the Period					(27,491,461)	(27,491,461)
Exchange Fluctuation Reserve		(34,579,284)	(1,290,150)	(40,021,952)		(75,891,386)
Balance as at 31 March 2010		622,629,729	8,385,975	260,142,692	(11,645,948)	879,512,448
Net Profit for the Period	21				237,164,208	237,164,208
Exchange Fluctuation Reserve		11,526,428	430,050	13,340,651		25,297,129
Balance as at 31 March 2011		**634,156,157**	**8,816,025**	**273,483,343**	**225,518,260**	**1,141,973,785**

* Rupees Equivalent of SLR in audited statement as at March 31, 2011 and March 31, 2010 has been done using closing rate of 1 SLR = 0.41 ₹ and 0.42 as of respective dates

Cash Flow Statement for the year ended 31st March 2011 and 31st March 2010

Cash Flows From / (Used in) Operating Activities	Note	2011 SLR	2011 ₹*	2010 SLR	2010 ₹*
Cash Flow from Operating Activities					
Net Profit/(Loss) before tax		591,953,328	242,608,705	(61,091,876)	(27,491,461)
Adjustments for					
Dividends unclaimed written back	19	(6,843,445)	(2,805,812)	–	–
Depreciation	4	415,026,841	170,161,005	348,571,119	146,399,870
Work-in-progress / Asset write off		–	–	676,950	284,319
Amortisation of Leasehold Property	5	1,105,080	453,083	1,105,080	464,134
Provision for Retirement Benefit Obligations	15	15,334,520	6,287,153	5,581,701	2,344,314
Investment Income	19	(767,584)	(314,709)	(348,023)	(146,170)
Profit on Sale of Property, Plant & Equipment	21	(5,701,989)	(2,337,815)	–	–
Exchange Difference Adjustment in respect of Interest Bearing Liabilities	12	(31,535,010)	(12,929,354)	(2,975,387)	(1,249,663)
Finance Cost	20	306,469,768	125,652,605	581,185,991	244,098,116
Operating Profit/ Loss Before Working Capital Changes		**1,285,041,510**	**526,774,859**	**872,705,555**	**364,703,460**
(Increase)/Decrease in Inventories		(172,365,731)	(83,343,086)	24,742,512	55,168,770
(Increase)/Decrease in Trade and Other Receivables		235,052,574	76,005,468	(67,340,458)	30,795,054
Increase/(Decrease) in Trade and Other Payables		27,885,604	27,334,645	146,299,428	18,130,101
Cash Generated from Operations		**1,375,613,957**	**546,771,887**	**976,407,037**	**468,797,385**
Income Tax Paid		(8,417,054)	(3,450,992)	(7,577,404)	(3,182,510)
Retirement Benefit Obligations Costs Paid	15	(2,716,508)	(1,113,768)	(3,156,752)	(1,325,836)
Interest Paid	20	(306,469,768)	(125,652,605)	(581,185,991)	(244,098,116)
Cash Flow from Operating Activities		**1,058,010,627**	**416,554,521**	**384,486,890**	**220,190,923**
Cash Flow from Investing Activities					
Acquisition of Property, Plant and Equipment	4	(172,630,912)	(70,778,674)	(48,411,389)	(20,332,784)
Proceeds from Sale of Property, Plant and Equipment		9,307,022	3,815,879	227,477	95,540
Interest Received	19	661,144	271,069	257,863	108,302
Dividend Received	19	106,440	43,640	90,160	37,867
Net Cash Flows used in Investing Activities		**(162,556,306)**	**(66,648,085)**	**(47,835,890)**	**(20,091,074)**
Cash Flow from Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	12	2,173,307,186	891,055,946	5,543,400,331	2,328,228,139
Principal Payment under Finance Lease Liability	12	(1,174,113)	(481,386)	(1,934,201)	(812,364)
Dividends Paid		(65,185)	(26,726)	(20,141)	(8,459)
Repayment of Bank Loans	12	(2,922,393,318)	(1,198,181,260)	(5,806,907,792)	(2,438,901,273)
Net Cash Flows from/(used in) Financing Activities		**(750,325,430)**	**(307,633,426)**	**(265,461,803)**	**(111,493,957)**
Net Increase/ (Decrease) in Cash & Cash Equivalents		145,128,891	42,273,009	71,189,198	88,605,893
Cash Inflow/ (Outflow) on A/c. of Exchange Difference			13,032,540		(43,978,864)
Cash & Cash Equivalent at the beginning of the period	18	**(209,864,819)**	**(81,847,280)**	**(281,054,017)**	**126,474,308)**
Cash and Cash Equivalent at the end of the period	18	**(64,735,928)**	**(26,541,731)**	**(209,864,819)**	**(81,847,280)**

The accounting policies and notes on page 6 through 24 form an integral part of the financial statements

* Rupees Equivalent of SLR in audited statement as at March 31, 2011 and March 31, 2010 has been done using closing rate of 1 SLR = 0.41 ₹ and 0.39 (B/S Items) & 1 SLR = 0.41 ₹ and 0.42 (P&L Items) as of respective dates

21 April 2011
Colombo.

REPORT ON THE AFFAIRS OF THE COMPANY

1. CORPORATE INFORMATION

1.1 General

Piramal Glass Ceylon PLC ("Company") is a public limited liability Company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the Company and principle place of Business is located at 148, Maligawa Road, Borupana, Ratmalana and the production facility is located in Horana.

1.2 Principal Activities and Nature of Operations

During the year, the principal activity of the Company was the manufacturing and sale of glass bottles.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Piramal Glass Limited, which is incorporate in India.

1.4 Date of Authorization for Issue

The Financial Statements of Piramal Glass Ceylon PLC for the year ended 31 March 2011 was authorized for issue in accordance with a resolution of the Board of Directors on 21 April 2011.

2.1 BASIS OF PREPARATION

The Financial Statements have been prepared on a historical cost basis, except for certain classes of asset categories that have been measured at fair value. The Financial Statements are presented in Sri Lanka Rupees. The preparation and presentation of these financial statements is in compliance with the Companies Act. No. 07 of 2007.

2.1.1 Statement of Compliance

The Financial Statements of Piramal Glass Ceylon PLC ("Company") has been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous audited financial year except where the Company has made voluntary changes. The principal effects of this decision are discussed below and in Note 23.

Voluntary Change in Accounting Policy for the Recognition of Moulds and Neckring Equipment

The Company changed its policy in accounting for Moulds and Neckring Equipment with effect from 1 April 2010 to be consistent with the policy changes of its parent company. Under the new policy Moulds and Neckring Equipment are accounted under Property, Plant and Equipment and would be depreciated according to the usage. Previously Moulds and Neckring Equipment were accounted as inventories and was charged to the income statement according to the usage.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Foreign Currency Translation

The financial statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Taxation

Current Taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

Pursuant to agreement dated 19 July 2006 entered into with Board of Investment, the imposition, payment and recovery of income tax shall not apply for a period of 5 years from 10 December 2007. This exemption expires on 9 December 2012.

After the said tax exemption period, the Company would be liable for income tax at the rate of 10% for a period of 2 years and at the rate of 20% thereon.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

The Inland Revenue Act does not apply as stated above under current taxes w.e.f 10 December 2007. Therefore temporary differences do not arise during the year under review.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

2.3.3 Borrowing Costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

2.3.4 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

Raw Materials	-	At actual cost on weighted average basis
Finished Goods & Work-in-progress	-	At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Consumables & Spares	-	At actual cost on weighted average basis
Goods in Transit	-	At actual cost

2.3.5 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognized at cost less allowances for bad and doubtful receivables.

2.3.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.7 Property, Plant and Equipment

Cost and Valuation

All items of Property, Plant & Equipment are initially recorded at cost. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the balance sheet date. Subsequent to the initial recognition as an asset at cost, revalued Property, Plant and Equipment are carried at revalued amounts less any subsequent depreciation thereon. All other Property, Plant and Equipment are stated at historical cost less depreciation.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances the increase is recognized as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to Retained Earnings on retirement or disposal of the asset.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to Retained Earnings.

When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.3.8 Leases -Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

2.3.9 Leasehold Property

Prepaid lease rentals paid to acquire land use rights are amortised over the lease term in accordance with the pattern of benefits provided. Leasehold Property is tested for impairment annually and is written down where applicable.

The impairment loss if any, is recognised in the income statement.

2.3.10 Investments

Long Term Investments

Long term investments are stated at cost. The cost of the investment is the cost of acquisition inclusive of brokerage fees, duties and bank fees.

The carrying amount of long term investments is reduced to recognize a decline other than temporary in the value of investments, determined on an individual investment basis.

2.3.11 Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost (cost model) is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

After initial recognition the Company measure all of its investment property in according with requirements in SLAS 18 (Revised 2005) Property, Plant and Equipment other than those meets the criteria to be classified as held for sale.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the event of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its cost at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.3.12 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.3.13 Retirement Benefit Obligations

a) Defined Benefit Plan - Gratuity

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every financial year using Projected Unit Cost Method. Actuarial gains and losses are recognized as income or expenses in the period in which it arises. The liability is not funded.

b) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

c) Non Recurring Cost of Living Allowances and other Lump-sum payments to Employees

Provision has been made in the accounts for non recurring cost of living allowances payable to employees by the collective agreement and other lump-sum payments as decided by the management

2.3.14 Impairment of Assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.3.15 Income Statement

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer; with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

b) Interest

Interest Income is recognized as the interest accrued unless collectability is in doubt.

c) Dividends

Dividend income is recognized on cash basis.

d) Others

Other income is recognized on an accrual basis.

Net Gains and losses of a revenue nature on the disposal of Property, Plant & Equipment have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued Property, Plant and Equipment, amount remaining in Revaluation Reserve relating to that asset is transferred directly to Retained Earnings.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.4 FUTURE CHANGES IN ACCOUNTING POLICIES

a) The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka.

- Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44)
- Sri Lanka Accounting Standard 45 Financial Instruments; Recognition and Measurement (SLAS 45)
- Sri Lanka Accounting Standard 39 Share Based Payments (SLAS 39)

The effective date of SLAS 44, 45 and 39 was changed during the year to be effective for financial periods beginning on or after 01 January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned under note (b) below.

b) Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of the Institute of Chartered Accountants of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 01 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.

3. REVENUE

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
3.1 Summary				
Revenue (3.2)	4,163,266,245	1,706,939,160	3,518,763,226	1,477,880,555
	4,163,266,245	**1,706,939,160**	**3,518,763,226**	**1,477,880,555**
3.2 Segmental Information				
Local Sales	3,159,094,181	1,295,228,614	2,352,476,608	988,040,175
Export Sales	1,004,172,064	411,710,546	1,166,286,618	489,840,380
	4,163,266,245	**1,706,939,160**	**3,518,763,226**	**1,477,880,555**

4. PROPERTY, PLANT AND EQUIPMENT

4.1

At Cost	Balance as at 01.04.2010 SLR	Additions/ Transfers SLR	Transfers/ Disposals SLR	Balance as at 31.03.2011 SLR	Balance as at 01.04.2010 ₹	Additions/ Transfers ₹	Transfers/ Disposals ₹	Exchange Rate Adjustment ₹	Balance as at 31.03.2011 ₹
Buildings	1,269,624,096	13,815,999	–	1,283,440,095	495,153,398	5,664,560	–	25,392,482	526,210,439
Plant and Machinery	1,431,900,022	37,538,143	(3,866,490)	1,465,571,675	558,441,009	15,390,639	(1,585,261)	28,638,000	600,884,387
Electrical Power Installation	645,538,479	10,119,878	–	655,658,357	251,760,007	4,149,150	–	12,910,770	268,819,926
Furnace	784,860,669	–	–	784,860,669	306,095,661	–	–	15,697,213	321,792,874
Motor Vehicles	51,496,799	148,500	(6,833,988)	44,811,311	20,083,751	60,885	(2,801,935)	1,029,936	18,372,638
Tools and Implements	8,207,034	5,480,107	–	13,687,141	3,200,743	2,246,844	–	164,141	5,611,728
Office Equipment	105,308,842	14,512,933	–	119,821,775	41,070,448	5,950,303	–	2,106,177	49,126,928
Gas Station	21,116,708	–	–	21,116,708	8,235,516	–	–	422,334	8,657,850
Moulds and Neckring Equipment	341,524,102	75,217,164	–	416,741,266	140,550,708	30,839,037	–	(525,826)	170,863,919
	4,659,576,750	**156,832,724**	**(10,700,478)**	**4,805,708,998**	**1,824,591,241**	**64,301,417**	**(4,387,196)**	**85,835,227**	**1,970,340,689**
At Valuation									
Freehold Land	132,870,000	–	–	132,870,000	51,819,300	–	–	2,657,400	54,476,700
Buildings	90,292,720	–	–	90,292,720	35,214,161	–	–	1,805,854	37,020,015
Plant and Machinery	867,280,845	–	–	867,280,845	338,239,530	–	–	17,345,617	355,585,146
Electrical Power Installation	97,186,780	–	–	97,186,780	37,902,844	–	–	1,943,736	39,846,580
	1,187,630,345	–	–	**1,187,630,345**	**463,175,835**	–	–	**23,752,607**	**486,928,441**
Assets on Finance Leases									
Plant and Machinery	14,335,027	–	–	14,335,027	5,590,661	–	–	286,701	5,877,361
	14,335,027	–	–	14,335,027	5,590,661	–	–	286,701	5,877,361
Total Value of Assets	**5,861,542,122**	**156,832,724**	**(10,700,478)**	**6,007,674,370**	**2,293,357,736**	**64,301,417**	**(4,387,196)**	**109,874,534**	**2,463,146,492**

4.2

In the Course of Construction	Balance as at 01.04.2010 SLR	Incurred During the period SLR	Transfers SLR	Balance as at 31.03.2011 SLR	Balance as at 01.04.2010 ₹	Incurred During the period ₹	Transfers ₹	Exchange Rate Adjustment ₹	Balance as at 31.03.2011 ₹
Capital Work-in-Progress	1,560,410	97,413,747	(81,615,561)	17,358,596	608,560	39,939,636	(33,462,380)	31,208	7,117,024
	1,560,410	97,413,747	(81,615,561)	17,358,596	608,560	39,939,636	(33,462,380)	31,208	7,117,024
Total Gross Carrying Amount	**5,863,102,532**	**254,246,470**	**(92,316,038)**	**6,025,032,966**	**2,293,966,296**	**104,241,053**	**(37,849,576)**	**109,905,742**	**2,470,263,516**

4.3

Depreciation	Balance as at 01.04.2010 SLR	Charge for the period SLR	Disposals/ Transfers SLR	Balance as at 31.03.2011 SLR	Balance as at 01.04.2010 ₹	Charge for the period ₹	Disposals/ Transfers ₹	Exchange Rate Adjustments ₹	Balance as at 31.03.2011 ₹
At Cost									
Buildings	67,792,615	31,823,806	–	99,616,421	26,439,120	13,047,760	–	1,355,852	40,842,733
Plant and Machinery	109,090,902	106,299,486	(821,100)	214,569,288	42,545,452	43,582,789	(336,651)	2,181,818	87,973,408
Electrical Power Installation	90,244,677	32,530,649	–	122,775,326	35,195,424	13,337,566	–	1,804,894	50,337,884
Furnace	206,130,064	89,898,121	–	296,028,185	80,390,725	36,858,230	–	4,122,601	121,371,556
Motor Vehicles	35,810,274	4,492,382	(6,274,345)	34,028,311	13,966,007	1,841,877	(2,572,481)	716,205	13,951,607
Tools and Implements	4,364,323	956,128	–	5,320,451	1,702,086	392,013	–	87,286	2,181,385
Office Equipment	62,924,689	18,726,733	–	81,651,422	24,540,629	7,677,961	–	1,258,494	33,477,083
Gas Station	3,200,554	527,918	–	3,728,472	1,248,216	216,446	–	64,011	1,528,673
Moulds and Neckring Equipment	241,270,257	58,766,255	–	300,036,512	101,451,708	24,094,165	–	(2,530,903)	123,014,970
	820,828,354	**344,021,478**	**(7,095,445)**	**1,157,754,388**	**327,479,366**	**141,048,806**	**(2,909,132)**	**9,060,259**	**474,679,299**
At Valuation									
Buildings	32,373,459	2,238,872	–	34,612,331	12,625,649	917,937	–	647,469	14,191,056
Plant and Machinery	559,036,341	62,904,810	–	621,941,151	218,024,173	25,790,972	–	11,180,727	254,995,872
Electrical Power Installation	54,038,132	4,821,946	–	58,860,078	21,074,872	1,976,998	–	1,080,763	24,132,632
	645,447,932	**69,965,628**	**–**	**715,413,560**	**251,724,694**	**28,685,907**	**–**	**12,908,959**	**293,319,560**
Assets on Finance Leases									
Plant and Machinery	10,481,571	1,039,735	–	11,521,306	4,087,813	426,291	–	209,631	4,723,735
	10,481,571	1,039,735	–	11,521,306	4,087,813	426,291	–	209,631	4,723,735
Total Depreciation	**1,476,757,857**	**415,026,841**	**(7,095,445)**	**1,884,689,253**	**583,291,872**	**170,161,005**	**(2,909,132)**	**22,178,849**	**772,722,594**

4.4

Net Book Values	2011 SLR	2011 ₹	2010 SLR	2010 ₹
At Cost				
Buildings	1,183,823,675	485,367,707	1,201,831,481	468,714,278
Plant and Machinery	1,251,002,388	512,910,979	1,322,809,120	515,895,557
Electrical Power Installation	532,883,031	218,482,043	555,293,801	216,564,583
Furnace	488,832,484	200,421,318	578,730,605	225,704,936
Motor Vehicles	10,783,000	4,421,030	15,686,525	6,117,745
Tools and Implements	8,366,690	3,430,343	3,842,711	1,498,657
Office Equipment	38,170,353	15,649,845	42,384,153	16,529,820
Gas Station	17,388,236	7,129,177	17,916,154	6,987,300
Moulds and Neckring Equipment	116,704,754	47,848,949	100,253,845	39,099,000
	3,647,954,611	**1,495,661,390**	**3,838,748,396**	**1,497,111,875**
At Valuation/Cost Incurred since Last Revaluation				
Freehold Land	132,870,000	54,476,700	132,870,000	51,819,300
Buildings	55,680,389	22,828,959	57,919,261	22,588,512
Plant and Machinery	245,339,694	100,589,274	308,244,504	120,215,357
Electrical Power Installation	38,326,702	15,713,948	43,148,648	16,827,973
	472,216,785	**193,608,882**	**542,182,413**	**211,451,141**
On Finance Leases				
Plant and Machinery	2,813,721	1,153,626	3,853,456	1,502,848
	2,813,721	1,153,626	3,853,456	1,502,848
	4,122,985,117	**1,690,423,898**	**4,384,784,265**	**1,710,065,864**
In the Course of Construction	17,358,596	7,117,024	1,560,410	608,560
Total Carrying Amount of Property, Plant and Equipment	**4,140,343,713**	**1,697,540,922**	**4,386,344,675**	**1,710,674,424**

4.5 **The rates of depreciation is estimated as follows.**

	31.03.2011	**31.03.2010**
Buildings and Gas Station	2.5% on cost	2.5% on cost
Plant and Machinery	10% on cost	10% on cost
Plant and Machinery - New Project	7.5% on cost	7.5% on cost
New Project – Furnace – Steel	7.5% on cost	7.5% on cost
New Project – Refractories	12.5% on cost	2.5% on cost
Electric Power Installation	15% on cost	15% on cost
Electric Power Installation - New Project	05% on cost	05% on cost
Office Equipments		
– Computer Systems	25% on cost	25% on cost
– Others	10% on cost	10% on cost
Tools and Implements	10% on cost	10% on cost
Motor Vehicles	15% on cost	15% on cost
Moulds and Neckring Equipment	Based on usage for production	Based on usage for production

4.6 Lands and Buildings, Plant & Machinery, Electrical Installation were revalued during the financial year ended 31st March 1991 by Messrs Development Finance Corporation of Ceylon. Further, freehold land has been valued during the year 1995 by Mr. D.S.A. Senevirathne (A.I.V) . The resulting surpluses of SLR 93,473,350/- (₹ 36,454,506/-) on the revaluation in financial year 90/91 and SLR 97,417,177/- (₹ 37,992,699/-) on the revaluation in financial year 94/95 had been transferred to the revaluation reserve, which was fully utilised for subsequent issue of bonus shares.

The freehold lands have been again revalued by Mr. K.T.D. Tissera (Chartered Valuation Surveyor) in September 2007 and in March 2009. The resulting revaluation surplus reported amounted to SLR 571,175,000/- (₹ 222,758,250/-) and SLR 95,857,543/- (₹ 37,384,442/-) respectively.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost SLR	Cumulative Depreciation If assets were carried at cost 2011 SLR	Net Carrying Amount 2011 SLR	Net Carrying Amount 2010 SLR	Cost ₹	Cumulative Depreciation If assets were carried at cost 2011 ₹	Net Carrying Amount 2011 ₹	Net Carrying Amount 2010 ₹
Freehold Land	11,651,585	–	11,651,585	11,651,585	4,777,150	–	4,777,150	4,544,118
Buildings	12,831,883	6,415,941	6,415,942	6,736,739	5,261,072	2,630,536	2,630,536	2,627,328
Plant and Machinery	66,199,323	66,199,323	–	–	27,141,722	27,141,722	–	–
Electrical Power Installation	7,876,358	7,876,358	–	393,819	3,229,307	3,229,307	–	153,589

4.7 During the period the Company acquired Property, Plant and Equipment to the aggregate value of SLR 172,630,912/- ₹ 70,778,674/- . (31.03.2010 - SLR. 48,411,389/- ₹ 20,332,783/-).

4.8 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of SLR 85,215,045/- ₹ 34,938,168/- (31.03.2010 - SLR. 83,517,539/- ₹ 32,571,840/-).

5. LEASEHOLD PROPERTY

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Balance at the beginning of the year	24,629,990	9,605,696	25,735,070	11,580,782
Amortisation during the year	(1,105,080)	(453,083)	(1,105,080)	(430,981)
Exchange Fluctuation Reserve		492,600		(1,544,104)
Balance at the end of the year	**23,524,910**	**9,645,213**	**24,629,990**	**9,605,696**

6. INVESTMENT PROPERTY

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Balance at the beginning of the year	666,130,000	259,790,700	666,130,000	299,758,500
		13,322,600		(39,967,800)
Balance at the end of the year	**666,130,000**	**273,113,300**	**666,130,000**	**259,790,700**

6.1 During the year 2007/2008 the Company relocated its production facility from Rathmalana to Horana. Due to the relocation the land previously utilised for the production has been classified under Investment Property as per SLAS 40 as held for "un determined future use". No Management decision had been taken on the future intended utilisation of this land as at the date of the balance sheet.

6.2 Fair value of the Investment Property as at 31 March 2011 is assessed at SLR. 700,000,000/- (₹ 287,000,000/-) by Mr.K.T.D. Tissera (Chartered Valuation Surveyor).

7. LONG TERM INVESTMENT

7.1 Investments in Equity Securities - Quoted

	No of Shares		As at 2011		As at 2010		As at 2011		As at 2010	
			"Carrying Value"	"Market Value"	"Carrying Value"	"Market Value"	"Carrying Value"	"Market Value"	"Carrying Value"	"Market Value"
	2011	2010	SLR	SLR	SLR	SLR	₹	₹	₹	₹
DFCC Bank	18,032	18,032	261,359	3,097,898	261,359	3,259,284	107,157	1,270,138	101,930	1,271,121

8. INVENTORIES

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Raw Materials	329,039,140	134,906,047	289,285,900	112,821,501
Work in Progress	11,571,481	4,744,307	15,481,230	6,037,680
Finished Goods	219,932,355	90,172,266	125,367,411	48,893,290
Consumables and Spares	250,291,887	102,619,674	208,334,592	81,250,491
Less: Allowance for obsolete and slow moving inventory	(4,812,327)	(1,973,054)	(4,812,327)	(1,876,807)
	806,022,536	**330,469,240**	**633,656,806**	**247,126,154**

9. TRADE AND OTHER RECEIVABLES

9.1 Summary	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Trade Debtors	761,525,593	312,225,493	951,999,304	371,279,729
Less : Allowance for Doubtful Debts	(23,327,296)	(9,564,191)	(39,424,906)	(15,375,713)
	738,198,297	302,661,302	912,574,398	355,904,015
Other Debtors	2,865,466	1,174,841	44,088,707	17,194,596
Advances and Prepayments	35,820,372	14,686,353	55,054,186	21,471,132
Loans to Company Officers (9.2)	6,367,635	2,610,730	6,587,052	2,568,950
	783,251,770	**321,133,226**	**1,018,304,343**	**397,138,694**
9.2 Loans to Company Officers				
Balance as at the beginning of the year	6,587,052	2,700,691	10,277,132	4,008,081
Loans granted during the year	3,817,916	1,565,345	2,897,000	1,129,830
	10,404,968	4,266,037	13,174,132	5,137,911
Less: Repayments	(4,037,333)	(1,655,306)	(6,587,080)	(2,568,961)
Balance at the end of the year	**6,367,635**	**2,610,730**	**6,587,052**	**2,568,950**

10. STATED CAPITAL	2011 Number	2011 Number	2010 Number	2010 Number
Ordinary Shares		950,086,080		950,086,080
	SLR	₹	SLR	₹
Ordinary Shares	1,526,407,485	634,156,157	1,526,407,485	622,629,729

10.1 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

11. OTHER RESERVES	2011 SLR	2011 ₹	2010 SLR	2010 ₹
General Reserve (11.1)	21,502,500	8,816,025	21,502,500	8,385,975
Revaluation Reserve (11.2)	667,032,543	273,483,343	667,032,543	260,142,692
	688,535,043	**282,299,368**	**688,535,043**	**268,528,667**

11.1 General Reserve which is a revenue reserve represents the amounts set aside by the directors for general applications.

11.2 Revaluation Reserve	2011 SLR	2011 ₹	2010 SLR	2010 ₹
On: Property, Plant and Equipment				
As at 1 April	667,032,543	260,142,692	667,032,543	300,164,644
Revaluation surplus during the period/year				
Exchange Fluctuation Reserve		13,340,651		(40,021,952)
As at 31 March	**667,032,543**	**273,483,343**	**667,032,543**	**260,142,692**

The above revaluation surplus consists of net surplus resulting from the revaluation of Property, Plant and Equipment as described in Note 4.6. The unrealised amount cannot be distributed to shareholders.

12. INTEREST BEARING LOANS AND BORROWINGS

	2011			2010		
	Amount Repayable Within 1 Year SLR	Amount Repayable After 1 Year SLR	Total SLR	Amount Repayable Within 1 Year SLR	Amount Repayable After 1 Year SLR	Total SLR
Finance Leases (12.1)	–	–	–	1,174,113	–	1,174,113
Syndicated Project Loan (12.2)	287,418,065	1,395,046,242	1,682,464,307	690,354,337	1,319,985,457	2,010,339,794
Project Loan (12.3)	147,790,742	296,104,635	443,895,377	151,474,698	453,982,329	605,457,026
Short Term Loans (12.4)	512,500,000	–	512,500,000	803,684,005	–	803,684,005
Bank Overdrafts (18.2)	269,837,255	–	269,837,255	253,922,653	–	253,922,653
	1,217,546,062	**1,691,150,877**	**2,908,696,939**	**1,900,609,806**	**1,773,967,786**	**3,674,577,591**

	2011			2010		
	Amount Repayable Within 1 Year ₹	Amount Repayable After 1 Year ₹	Total ₹	Amount Repayable Within 1 Year ₹	Amount Repayable After 1 Year ₹	Total ₹
Finance Leases (12.1)	–	–	–	457,904	–	457,904
Syndicated Project Loan (12.2)	117,841,407	571,968,959	689,810,366	269,238,191	514,794,328	784,032,520
Project Loan (12.3)	60,594,204	121,402,900	181,997,105	59,075,132	177,053,108	236,128,240
Short Term Loans (12.4)	210,125,000	–	210,125,000	313,436,762	–	313,436,762
Bank Overdrafts (18.2)	110,633,275	–	110,633,275	99,029,835	–	99,029,835
	499,193,885	**693,371,860**	**1,192,565,745**	**741,237,824**	**691,847,436**	**1,433,085,261**

12.1 Finance Lease

Finance Lease	As at 01.04.2010 SLR	New Leases Obtained SLR	Repayments SLR	As at 31.03.2011 SLR
Finance Leases	1,174,113	–	(1,174,113)	–
	1,174,113	–	(1,174,113)	–
Gross Liability	1,193,955			–
Finance Charge allocated to future period	(19,842)			–
Net Liability	**1,174,113**			–

Finance Lease	As at 01.04.2010 ₹	New Leases Obtained ₹	Repayments ₹	Exchange ₹	As at 31.03.2011 ₹
Finance Leases	465,642	–	(465,642)	–	–
	465,642	–	**(465,642)**	–	–
Gross Liability	465,642				–
Finance Charge allocated to future period	(7,738)				–
Net Liability	**457,904**				–

12.2 Syndicated Project Loan	As at 01.04.2010 SLR	New Loans Obtained SLR	Repayments SLR	Exchange Difference Adjustment SLR	As at 31.03.2011 SLR
DFCC Bank	534,722,212	–	(39,304,188)	–	495,418,024
Bank of Ceylon	482,419,255	–	(84,156,537)	(10,905,876)	387,356,842
Hatton National Bank PLC	495,939,880	–	(86,129,265)	(10,314,574)	399,496,041
Sampath Bank PLC	497,258,447	–	(86,750,488)	(10,314,559)	400,193,400
	2,010,339,794	**–**	**(296,340,477)**	**(31,535,010)**	**1,682,464,307**

Syndicated Project Loan	As at 01.04.2010 ₹	New Loans Obtained ₹	Repayments ₹	Exchange Difference Adjustment ₹	As at 31.03.2011 ₹
DFCC Bank	208,541,663	–	(16,114,717)	10,694,444	203,121,390
Bank of Ceylon	188,143,509	–	(34,504,180)	5,176,976	158,816,305
Hatton National Bank PLC	193,416,553	–	(35,312,998)	5,689,822	163,793,377
Sampath Bank PLC	193,930,794	–	(35,567,700)	5,716,200	164,079,294
	784,032,520	**–**	**(121,499,596)**	**27,277,442**	**689,810,366**

Lending Institution	Nature of Facility	Interest Rate	Repayment Terms	Outstanding As At 31.03.2011 USD	LKR	₹
Syndicated Loan						
Upto 3 November 2009						
DFCC Bank	Syndicated Loan in LKR	AWDR +4%	1st Instalment of Rs. 507 Million and the balance is payable in 59 equal instalments after a grace period of 24 months from the date of first disbursement.	–	–	–
Bank of Ceylon	Syndicated Loan in LKR			–	–	–
Hatton National Bank PLC	Syndicated Loan in LKR			–	–	–
Sampath Bank PLC	Syndicated Loan in LKR			–	–	–
After 3 November 2009						
DFCC Bank	Syndicated Loan in LKR	AWDR +4%	**5 Installments equivalent of 1/72 payable from January 2010 Balance Payable in June 2010	–	495,418,024	203,121,390
Bank of Ceylon	Syndicated Loan in LKR			–	71,452,025	29,295,330
Hatton National Bank PLC	Syndicated Loan in LKR			–	100,694,432	41,284,717
Sampath Bank PLC	Syndicated Loan in LKR			–	100,694,432	41,284,717
Bank of Ceylon	Syndicated Loan Granted in USD	LIBOR + 4.5%, floor Interest Rate of 6.5%	Repayable by 2 monthly installments of USD 12,300/- commencing from December 2009 followed by 8 quarterly installments of USD 144,000/- and 12 quarterly installment of USD 200,000/- thereafter.	2,858,686	315,904,817	129,520,975
Hatton National Bank PLC	Syndicated Loan Granted in USD		Repayable by 3 monthly installments of USD 12,131/- commencing from December 2009 followed by 8 quarterly installments of USD 142,528/- and 11 quarterly installments of USD 207,314/- thereafter.	2,703,916	298,801,610	122,508,660
Sampath Bank PLC	Syndicated Loan Granted in USD		Repayable by 8 quarterly installment of US$ 145,000/- and 12 quarterly installment of US$ 193,350/- thereafter.	2,710,226	299,498,968	122,794,577
				8,272,828	**1,682,464,307**	**689,810,366**

12.3

Project Loan	As at 01.04.2010 SLR	New Loans Obtained SLR	Repayments SLR	As at 31.03.2011 SLR
DFCC Bank	179,166,661	–	(49,999,980)	129,166,681
Hatton National Bank PLC	214,879,723	–	(54,927,174)	159,952,549
Sampath Bank PLC	211,410,642	–	(56,634,495)	154,776,147
	605,457,026	**–**	**(161,561,650)**	**443,895,377**

Project Loan	As at 01.04.2010 ₹	New Loans Obtained ₹	Repayments ₹	Exchange Fluctuation Results ₹	As at 31.03.2011 ₹
DFCC Bank	69,874,998	–	(20,499,992)	3,583,333	52,958,339
Hatton National Bank PLC	83,803,092	–	(22,520,141)	4,297,594	65,580,545
Sampath Bank PLC	82,450,150	–	(23,220,143)	4,228,213	63,458,220
	236,128,240	**–**	**(66,240,276)**	**12,109,141**	**181,997,105**

Lending Institution	Nature of Facility	Interest Rate	Repayment Terms	Outstanding As At 31.03.2011		
				USD	LKR	₹
Upto 3 November 2009						
Bank of Ceylon	Project Loan Granted in LKR	AWPLR + 1%	Repayable by 60 monthly installments after a grace period of 12 months from the date of first disbursement.	–	–	–
Hatton National Bank PLC	Project Loan Granted in LKR			–	–	–
Sampath Bank PLC	Project Loan Granted in LKR			–	–	–
After 3 November 2009						
DFCC Bank	Project Loan Granted in LKR	AWPLR + 1%	'Repayable by 60 monthly installments after a grace period of 12 months from the date of first disbursement.	–	129,166,681	52,958,339
Sampath Bank PLC	Project Loan Granted in USD	LIBOR + 4.5%, floor Interest rate of 6.5%	52 monthly installments of USD 37,558/- each and a final installment of USD 10,954/-	1,400,600	154,776,147	63,458,220
Hatton National Bank PLC	Project Loan Granted in USD		55 monthly installments of USD 36,186/-.	1,447,443	159,952,549	65,580,545
				2,848,043	**443,895,377**	**181,997,105**

12.4

Short Term Loans	As at 01.04.2010 SLR	New Loans Obtained SLR	Repayments SLR	As at 31.03.2011 SLR
Commercial Bank of Ceylon PLC	114,775,740	207,510,882	(202,286,622)	120,000,000
Peoples' Bank	80,973,378	237,758,762	(318,732,140)	–
Citibank N.A	390,000,001	1,144,000,000	(1,421,500,000)	112,500,001
Standard Chartered Bank	217,934,886	374,037,542	(521,972,428)	70,000,000
DFCC Bank	–	200,000,000	–	200,000,000
Bank of Ceylon	–	10,000,000	–	10,000,000
	803,684,005	**2,173,307,186**	**(2,464,491,191)**	**512,500,000**

Short Term Loan	As at 01.04.2010 ₹	New Loans Obtained ₹	Repayments ₹	Exchange Fluctuation Results ₹	As at 31.03.2011 ₹
Commercial Bank of Ceylon PLC	44,762,539	85,079,462	(82,937,515)	2,295,515	49,200,000
Peoples' Bank	31,579,617	97,481,092	(130,680,177)	1,619,468	–
Citibank N.A	152,100,000	469,040,000	(582,815,000)	7,800,000	46,125,000
Standard Chartered Bank	84,994,606	153,355,392	(214,008,696)	4,358,698	28,700,000
DFCC Bank	–	82,000,000	–	–	82,000,000
Bank of Ceylon	–	4,100,000	–	–	4,100,000
	313,436,762	**891,055,946**	**(1,010,441,388)**	**16,073,680**	**210,125,000**

13	INCOME TAX	2011 SLR	2011 ₹	2010 SLR	2010 ₹
13.1	**Current Tax Expense on Ordinary Activities for the period**	–		–	–
	Current Tax Expense on Other Income for the period	–		–	–
	Under/(Over) provision of current taxes in respect of prior periods	13,279,260	5,444,497	–	–
	Deferred Income Tax				
	Deferred Taxation Charge/(Reversal)	–	–	–	–
	Income tax expense reported in the Income Statement	**13,279,260**	**5,444,497**	–	–

13.2 Pursuant to agreement dated 19 July 2006 entered into with Board of Investment of Sri Lanka, the imposition, payment and recovery of income tax shall not apply for a period of 5 years from 9th December 2007. This exemption expires on 9 December 2012.

After the said exemption period, the Company would become liable for income tax at the rate of 10% for a period of 2 years and at the rate of 20% thereafter.

With the commencement of the tax exemption period the Company is liable to pay income tax on the taxable income derived from other sources excluding from manufacturing operations.

Income tax payments made during the year represents payments made in respect of Economic Services Charges in accordance with the Economic Service Charge Act No. 13 of 2006 and amendments thereon.

13.3 The adjusted tax liability of SLR 13,279,260/- (₹ 5,444.497) for the year of assessment 2009/10 was recorded in order to comply with the section 163(3) of the Inland Revenue Act No. 10 of 2006. This was the tax liability for the profits other than the exempted sources under BOI agreement, which covers under the Section 106 (11) of the Inland Revenue Act.

14. DEFERRED TAX

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Balance as at Beginning of the Year	18,979,577	7,402,035	18,979,577	8,540,810
Provision / (Reversal) Made During the Year	–	–	–	–
Exchange Fluctuation Reserve	–	379,592	–	(1,138,775)
Balance as at the end of the Year	**18,979,577**	**7,781,627**	**18,979,577**	**7,402,035**

Due to the commencement of the tax exemption period for 5 years w.e.f 10th December 2007, the Deferred Tax has been computed up to 9th December 2007 and the reversal arose has been recognised in the Income Statement. The deferred tax reversal that arose during the tax exemption period amounting to SLR 71,595,544/- (₹ 26,490,351) was recognised under Retained Earnings during 2007/08 final period. Still the Company is enjoying the tax holiday period and as a result no movement is in the deferred taxation account.

15. RETIREMENT BENEFIT OBLIGATIONS

	As at 01.04.2010 SLR	Charge for period SLR	Payments during the period SLR	As at 31.03.2011 SLR	As at 01.04.2010 ₹	Charge for period ₹	Payments during the period ₹	As at 31.03.2011 ₹
Provision for Gratuity	86,925,218	15,334,520	(2,716,508)	99,543,230	33,900,835	8,025,658	(1,113,768)	40,812,724
	86,925,218	**15,334,520**	**(2,716,508)**	**99,543,230**	**33,900,835**	**8,025,658**	**(1,113,768)**	**40,812,724**

15.1 Expense on Defined Benefit Plan	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Current Service Cost	1,994,481	817,737	7,225,702	3,034,795
Interest Cost on Benefit Obligation	8,692,522	3,563,934	8,450,027	3,549,011
Net Actuarial (Gain) / Loss	4,647,517	1,905,482	(10,094,028)	(4,239,492)
Total Expenses	**15,334,520**	**6,287,153**	**5,581,701**	**2,344,314**
Defined Benefit Obligation				
Balance as at the beginning of the year				
Balance as at 1 April	86,925,218	33,900,835	84,500,270	38,025,121
Current Service Cost	1,994,481	817,737	7,225,702	3,034,795
Interest Cost on Benefit Obligation	8,692,522	3,563,934	8,450,027	3,549,011
Actuarial Losses / (Gain) on Obligation	4,647,517	1,905,482	(10,094,028)	(4,239,492)
Exchange Fluctuation Reserve		1,738,504		(5,142,765)
Benefit Paid	(2,716,508)	(1,113,768)	(3,156,752)	(1,325,836)
Balance as at 31 March	**99,543,230**	**40,812,724**	**86,925,218**	**33,900,835**

15.2 Messrs. K.A.Pandit, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31st March 2011. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2011 are as follows:

	2011	2010
Discount rate assumed (%)	10%	10%
Future salary increase (%)	8.5% + salary scales	8.5% + salary scales
Method of actuarial valuation	Projected Unit Cost method	Projected Unit Cost method

16. TRADE AND OTHER PAYABLES

		2011 SLR	2011 ₹	2010 SLR	2010 ₹
Trade Payable	- Related Party (16.1)	22,660,002	9,290,601	10,615,304	4,139,969
	- Others	270,411,629	110,868,768	260,039,772	101,415,511
Other Payables	- Related Party (16.2)	332,912,213	136,494,007	359,217,720	140,094,911
Sundry Creditors including Accrued Expenses		196,979,118	80,761,438	165,204,563	64,429,780
		822,962,963	**337,414,815**	**795,077,359**	**310,080,170**

16.1 Trade Dues to Related Party	Relationship				
Piramal Glass Limited - India	Parent Company	22,660,002	9,290,601	10,615,304	4,139,969
		22,660,002	**9,290,601**	**10,615,304**	**4,139,969**

16.2 Other Payables - Related Party	Relationship				
Piramal Glass Limited - India	Parent Company	332,912,213	136,494,007	359,217,720	140,094,911
		332,912,213	**136,494,007**	**359,217,720**	**140,094,911**

17. DIVIDENDS PAYABLE

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Unclaimed Dividends	3,952,361	1,620,468	10,860,992	4,235,787
	3,952,361	**1,620,468**	**10,860,992**	**4,235,787**

18. CASH AND CASH EQUIVALENTS

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
18.1 Favourable Cash and Cash Equivalents Balance				
Cash and Bank Balances	205,101,327	84,091,544	44,057,834	17,182,555
	205,101,327	**84,091,544**	**44,057,834**	**17,182,555**
18.2 Unfavourable Cash and Cash Equivalents Balance				
Bank Overdraft (Note 12)	(269,837,255)	(110,633,275)	(253,922,653)	(99,029,835)
Cash and cash equivalents for the purpose of Cash Flow Statement	**(64,735,928)**	**(26,541,730)**	**(209,864,819)**	**(81,847,279)**

19. OTHER INCOME

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Income from Investments - Quoted	106,440	43,640	90,160	37,867
Interest Income	661,144	271,069	257,863	108,302
Written back of Unclaimed Dividend	6,843,445	2,805,812	–	–
Sundry Income	3,956,341	1,622,100	3,017,120	1,267,190
	11,567,370	**4,742,622**	**3,365,143**	**1,413,360**

20. FINANCE COST

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Interest Expense on Overdrafts	30,541,062	12,521,835	42,234,799	17,738,616
Finance Charges on Lease Liabilities	19,842	8,135	112,578	47,283
Interest Expense on Short Term Loans	74,815,194	30,674,230	127,376,761	53,498,240
Interest Expense on Project Loan	201,093,670	82,448,405	411,461,853	172,813,978
	306,469,768	**125,652,605**	**581,185,991**	**244,098,116**

21. PROFIT/(LOSS) BEFORE TAX

Stated after Charging/(Crediting)	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Including in Cost of Sales				
Depreciation	410,859,915	168,452,565	393,779,354	165,387,329
Personnel Costs including the following;				
– Defined Benefit Plan Costs -Gratuity	14,506,955	5,947,851	4,622,665	1,941,519
– Defined Contribution Plan Costs - EPF & ETF	15,579,406	6,387,556	14,392,625	6,044,903
Including in Administration Expenses				
Directors' Fees and Emoluments	34,868,549	14,296,105	31,085,545	13,055,929
Auditors' Remuneration - Fees and Expenses	600,000	246,000	565,325	237,436
– Under/(Over) Provision in respect of previous years	(200,192)	(82,079)	–	–
Technical Fee*	205,188,048	84,127,100	173,629,747	72,924,494
Depreciation	4,166,926	1,708,440	5,458,834	2,292,710
Personnel Costs including the following;				
– Defined Benefit Plan Costs -Gratuity	827,566	339,302	959,035	402,795
– Defined Contribution Plan Costs - EPF & ETF	1,839,025	754,000	1,557,370	654,096
Donations	1,111,899	455,878	129,747	54,494
Exchange (Gain) / Loss	(57,944,619)	(23,757,294)	4,972,544	2,088,468
Profit on sale of Property, Plant & Equipment	(5,701,989)	(2,337,815)	–	–
Including in Selling and Distribution Costs				
Advertising Costs	1,331,257	545,815	112,201	47,124
Allowance for Doubtful Debts	34,267,098	14,049,510	32,024,632	13,450,345

*Technical Fee represents the amount payable to Piramal Glass Limited - India for the technical advises and assistance provided during the period as per the agreement entered into between the two companies. As per the agreement, if Manufactured Profit before Interest, Depreciation and Tax (PBIDT) is 30% or more, the amount payable is 5 % of the Manufactured bottle turnover, else 12.5% of the PBIDT for Manufactured Bottles.

22. EARNINGS / (LOSS) PER SHARE

22.1 Basic Earnings/(Loss) Per Share is calculated by dividing the net profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and the previous period are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

22.2 The following reflects the income and share data used in the Basic Earnings/(Loss) Per Share computations.

Amount Used as the Numerator:	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Net Earnings/(Loss) attributable to Ordinary Shareholders for Basic Earnings/(Loss) Per Share	578,674,068	237,164,208	(61,091,876)	(27,491,461)

	2011 Number	2010 Number
Number of Ordinary Shares Used as Denominator:		
Weighted Average number of Ordinary Shares in issue	950,086,080	950,086,080

23. EFFECT OF CHANGE IN ACCOUNTING POLICY

As stated in 2.2, the Company adopted certain changes to accounting policy to comply with the Piramal Group policies. The accounting policies set out in 2.3 have been applied in preparing these Financial Statements for the year ended 31 March 2011 and the comparative information presented in these Financial Statements for the year ended 31 March 2010. In preparing these Financial Statements, the Company has adjusted amounts reported previously in Financial Statements prepared in accordance with the previous accounting policies.

Effect of change in accounting policy is set out in the following table

	Note	As reported previously SLR	1 April 2009 Effect of change in accounting Policy SLR	Restated Balance SLR	1 April 2010 Effect of change in accounting Policy SLR	31 March 2011 Effect of change in accounting Policy SLR
Balance Sheet:						
Property, Plant & Equipment	4	4,587,154,987	–	4,587,154,987	100,253,845	116,704,754
– **To comply with the group policy**						
		4,587,154,987	**–**	**4,587,154,987**	**100,253,845**	**116,704,754**
Inventory	8	758,653,163	–	758,653,163	(100,253,845)	(116,704,754)
– **To comply with the group policy**						
		758,653,163	**–**	**758,653,163**	**(100,253,845)**	**(116,704,754)**

	Year Ended 31 March 2010 SLR
Income Statement	Nil

	Note	As reported previously ₹	1 April 2009 Effect of change in accounting Policy ₹	Restated Balance ₹	1 April 2010 Effect of change in accounting Policy ₹	31 March 2011 Effect of change in accounting Policy ₹
Balance Sheet:						
Property, Plant & Equipment	4	2,064,219,744	–	2,064,219,744	39,099,000	47,848,949
– **To comply with the group policy**						
		2,064,219,744	**–**	**2,064,219,744**	**39,099,000**	**47,848,949**
Inventory	8	341,393,923	–	341,393,923	(39,099,000)	(47,848,949)
– **To comply with the group policy**						
		341,393,923	**–**	**341,393,923**	**(39,099,000)**	**(47,848,949)**

	Year Ended 31 March 2010 ₹
Income Statement	Nil

23.1 Effect of Change in Accounting policy

The Company changed its policy in accounting for Moulds and Neckring Equipment with effect from 1 April 2010 to be consistent with the policy changes of its parent company. Under the new policy Moulds and Neckring Equipment are accounted under Property, Plant and Equipment and would be depreciated according to the usage. Previously Moulds and Neckring Equipment were accounted as inventories and was charged to the income statement according to the usage. There will be no impact on the income statement resulting from the change in the policy as the charge to the income statement remains same under both policies.

24. COMMITMENTS AND CONTINGENCIES

24.1 Capital Expenditure Commitments

The Company does not have significant capital commitments as at the balance sheet date.

24.2 Contingent Liabilities

There are no significant contingent liabilities as at the balance sheet date.

25. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of assets	Nature of Liability	Carrying Amount Pledged 2011 SLR in Mn.	2011 ₹ in Mn.	2010 SLR in Mn.	2010 ₹ in Mn.	Included under
Immovable Properties	First / secondary Mortgage for Loans and Borrowings	4,249	1,742	4,666	1,960	Property, Plant & Equipment
		4,249	**1,742**	**4,666**	**1,960**	

26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements, other than for the Board of Directors of the Company recommending a 30 cents per share first and final dividend for the year ended 31 March 2011 amounting to SLR 285,025,824/-. (₹ 115,860,588)

27. RELATED PARTY DISCLOSURES

During the period the Company entered into transactions with the following Related Parties.

27.1 Transaction with Group Companies

Name of Company	**Relationship**
Piramal Glass Limited - India	Parent Company

Nature of Transactions	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Purchase of Bottles	57,777,245	23,688,671	34,608,390	14,535,524
Purchase of Moulds	3,789,077	1,553,522	5,724,690	2,404,370
Technical Fees	205,188,048	84,127,100	173,629,747	72,924,494

27.2 The amounts payable to the above related party as at 31 December 2010 and 31 March 2011 are disclosed in Notes 16.1 and 16.2.

27.3 Transactions with Directors/ Key Management Personnel *

	2011 SLR	2011 ₹	2010 SLR	2010 ₹
Emoluments and Fees Including Other Benefits	34,868,549	14,296,105	31,085,545	13,055,929
Total compensation paid to key management personnel	34,868,549	14,296,105	31,085,545	13,055,929

*Key Management personnel include the Board of Directors and the Chief Executive Officer of the Company.

Directors' Report

The Directors of Piramal Glass International Inc. have pleasure in presenting their Report together with the Audited Accounts for the financial year ended March 31, 2011.

PRINCIPAL ACTIVITY

Piramal Glass International Inc. is primarily engaged in marketing of glass products for Piramal Glass Ltd. in USA, Mexico and Canada.

CURRENCY

All figures appearing in the accounts are in US Dollars and are denoted as "USD" or "$". Rupee equivalent of US $ in audited statements as at 31st March 2011 and 31st March 2010 have been done using closing rate of 1 US $ = 44.60 ₹ (B/S items) and 1 US $ = 45.55 ₹ (P&L items - 12 Months Avg.) and 1 US $ = 44.90 ₹ (B/S items) and 1 US $ = 47.51 ₹ (P&L items - 12 Months Avg.) as of respective dates.

FINANCIAL RESULTS

TURNOVER AND PROFIT / (LOSS)	Year ended 31 March 2011 USD	Year ended 31 March 2011 ₹ in Mio	Year ended 31 March 2010 USD	Year ended 31 March 2010 ₹ in Mio
Operating Income	523,678	23.85	448,524	21.31
Profit before Income Tax	24,937	1.08	13,061	(0.14)
Profit / (Loss) after Taxation	20,332	0.87	12,487	(0.17)

REVIEW OF OPERATIONS

During the year, the Company has earned an income of USD 523,678 (₹ 23.85 mio) as against the previous year income of USD 448,524 (₹ 21.31 mio) and the profit after tax is USD 20,332 (₹ 0.87 mio) as against USD 12,487 (Loss in ₹ 0.17 mio) in previous year.

CAPITAL EXPENDITURE AND INVESTMENTS

The Company did not incur any expenditure on Fixed Assets during the year nor there were any investments made by the Company during the year.

SHARE CAPITAL

Share Capital consists of 25,000 shares of USD 1 each issued to parent company Piramal Glass Limited.

DIVIDEND

No dividend has been declared for the year ended March 31, 2011.

POST BALANCE SHEET EVENTS

No events have taken place since the Balance Sheet date, which would require any adjustments or disclosures other than the above.

DIRECTORATE

The Directors of the Company are:

Mr. Vijay Shah	Chairman
Mr. Niraj Tipre	Director & Chief Executive Officer.
Mr. Sandeep Arora	Director

DIRECTORS' SHAREHOLDING

None of the directors hold any stock in the Company.

DIRECTORS RESPONSIBILITIES

We hereby state:

(i) that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures, if any;

(ii) that the Directors have selected such accounting policies and applied them consistently and 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, 2011 and its profit for the year ended on that date;

(iii) that proper and sufficient care is being taken for the maintenance of adequate accounting records in accordance with the applicable laws so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and

(iv) that the Accounts have been prepared on a going concern basis.

AUDITORS

The Accounts have been audited by KNAV P. A., Certified Public Accountants, USA, who offer themselves for re-appointment.

By Order of the Board

Niraj Tipre
Director & Chief Executive Officer.

Date : April 18, 2011.

Report of Independent Accountants

Board of Directors

Piramal Glass International Inc.

We have audited the accompanying balance sheets of Piramal Glass International Inc ('the Company') as at March 31, 2011 and March 31, 2010 and the related statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 also includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at March 31, 2011 and March 31, 2010 and the results of its operations for the years then ended, in conformity with the accounting principles generally accepted in the United States of America.

Mumbai, India
April 18, 2011

KNAV P. A.
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Balance Sheet as on March 31, 2011 and March 31, 2010

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
ASSETS				
Current assets				
Cash and cash equivalents	33,928	1,513,189	70,279	3,155,527
Accounts receivable, net of allowances	2,612,952	116,537,659	894,489	40,162,556
Inventories, including goods in transit	1,532,737	68,360,070	1,274,114	57,207,719
Other current assets	954	42,548	5,765	258,849
Total current assets	**4,180,571**	**186,453,467**	**2,244,647**	**100,784,650**
Deferred tax asset	5,475	244,185	4,289	192,576
Other asset	2,642	117,833	2,643	118,671
Total assets	**4,188,688**	**186,815,485**	**2,251,579**	**101,095,897**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	3,992,083	178,046,902	2,066,677	92,793,797
Other current liabilities	37,963	1,693,150	46,592	2,091,981
Total current liabilities	**4,030,046**	**179,740,052**	**2,113,269**	**94,885,778**
Total liabilities	**4,030,046**	**179,740,052**	**2,113,269**	**94,885,778**
Stockholders' equity				
Common stock of $ 1 par				
150,000 shares authorized				
25,000 shares issued and outstanding	25,000	1,084,750	25,000	1,084,750
Accumulated earnings	133,642	5,990,683	113,310	5,125,369
Total stockholders' equity	**158,642**	**7,075,433**	**138,310**	**6,210,119**
Total liabilities and stockholders' equity	**4,188,688**	**186,815,485**	**2,251,579**	**101,095,897**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US$ - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

KNAV P. A.	Mr. Vijay Shah	Chairman
Certifited Public Accountants	Mr. Niraj Tipre	Director & Chief Executive Officer
3731 Lake Pass Lane	Mr. Sandeep Arora	Director
Suwanee, GA 30024		

Statement of Income for the year ended March 31, 2011 and March 31, 2010

	Year ended March 31, 2011 USD	Year ended March 31, 2011 ₹	Year ended March 31, 2010 USD	Year ended March 31, 2010 ₹
Revenues				
Operating revenues	523,678	23,853,533	448,524	21,309,375
Total revenues	**523,678**	**23,853,533**	**448,524**	**21,309,375**
Cost and expenses				
Selling, general and administrative expenses	498,741	22,717,653	435,463	20,688,847
Exchange Fluctuation		60,809		764,930
Total cost and expenses	**498,741**	**22,778,462**	**435,463**	**21,453,777**
Income before income tax	24,937	1,075,071	13,061	(144,402)
Income tax	4,605	209,758	574	27,271
Net income	**20,332**	**865,314**	**12,487**	**(171,673)**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US$ - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

Statements of stockholders' equity and accumulated earnings as of March 31, 2011 and March 31, 2010

(All amounts are stated in USD unless otherwise stated)

Particulars	Common Stock				Accumulated earnings	Total stockholders equity
	Authorized		Issued & Outstanding			
	Shares	USD	Shares	USD	USD	USD
Balance as on April 1, 2009	150,000	150,000	25,000	25,000	100,823	125,823
Net income for the year	–	–	–	–	12,487	12,487
Balance as at March 31, 2010	**150,000**	**150,000**	**25,000**	**25,000**	**113,310**	**138,310**
Balance as on April 1, 2010	**150,000**	**150,000**	**25,000**	**25,000**	113,310	138,310
Net income for the year	–	–	–	–	20,332	20,332
Balance as at March 31, 2011	**150,000**	**150,000**	**25,000**	**25,000**	**133,642**	**158,642**

(The accompanying notes are an integral part of these financial statements)

Particulars	Common Stock				Accumulated earnings	Total stockholders equity
	Authorized		Issued & Outstanding			
	Shares	₹	₹	₹	₹	₹
Balance as on April 1, 2009	150,000	6,508,500	1,084,750	1,084,750	5,297,042	6,381,792
Net income for the year	–	–	–	–	(171,673)	(171,673)
Balance as at March 31, 2010	**150,000**	**6,508,500**	**1,084,750**	**1,084,750**	**5,125,369**	**6,210,119**
Balance as on April 1, 2010	**150,000**	**6,508,500**	**1,084,750**	**1,084,750**	5,125,369	6,210,119
Net income for the year	–	–	–	–-	865,314	865,314
Balance as at March 31, 2011	**150,000**	**6,508,500**	**1,084,750**	**1,084,750**	**5,990,683**	**7,075,433**

KNAV P. A.	Mr. Vijay Shah	Chairman
Certified Public Accountants	Mr. Niraj Tipre	Director & Chief Executive Officer
3731 Lake Pass Lane	Mr. Sandeep Arora	Director
Suwanee, GA 30024		

Statement of Cash Flow for the year ended March 31, 2011 and March 31, 2010

	Year ended March 31, 2011 USD	Year ended March 31, 2011 ₹	Year ended March 31, 2010 USD	Year ended March 31, 2010 ₹
Cash flow from operating activities				
Net income after tax	20,332	865,314	12,487	(171,673)
Adjustments to reconcile net income to net cash provided by/(used in) operating activities				
Income tax expense	4,605	209,758	574	27,271
Changes in assets and liabilities				
Accounts receivable	(1,718,463)	(76,375,103)	(334,445)	(11,757,124)
Inventories	(258,623)	(11,152,352)	(372,118)	(11,458,481)
Other current assets	–		7,370	451,044
Accounts and notes payable	1,925,407	85,253,105	653,834	21,134,400
Other current liabilities	(9,609)	(442,093)	14,698	472,868
Net cash used by operating activities	**(36,351)**	**(1,641,372)**	**(17,600)**	**(1,301,696)**
Cash flow from investing activities				
Net cash from investing activities	–		–	
Cash flow from financing activities				
Net cash from financing activities	–		–	
Net decrease in cash and cash equivalents	(36,351)	(1,641,372)	(17,600)	(1,301,696)
Cash at the beginning of the year	70,279	3,155,527	87,879	4,457,223
Cash Inflow/ (Outflow) on account of Exchange Gain/ Loss		(966)		
Cash and cash equivalents at the end of the year	**33,928**	**1,513,189**	**70,279**	**3,155,527**

(The accompanying notes are an integral part of these financial statements)

KNAV P. A.	Mr. Vijay Shah	Chairman
Certifited Public Accountants	Mr. Niraj Tipre	Director & Chief Executive Officer
3731 Lake Pass Lane	Mr. Sandeep Arora	Director
Suwanee, GA 30024		

Notes to financial statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. **Business**

   Piramal Glass International Inc. ("PGI" or "the Company") is a company incorporated in Delaware, USA and authorized to conduct business in the States of New York and New Jersey. PGI is a wholly owned subsidiary of Piramal Glass Limited ("PGL India"); an Indian public listed Company. The Company commenced business operations in October 2002.

   PGI is primarily engaged in the marketing of glass products for PGL India in the USA, Mexico and Canada. PGI also supports the warehousing function for PGL India in the USA.

   The name of the Company has changed from GG USA Inc to Piramal Glass International Inc with effect from November 12, 2008

2. **Basis of preparation**

   a) The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ('US GAAP') to reflect the financial position, results of operation and cash flows of the Company.

   b) The financial statements are for the year April 01, 2010 to March 31, 2011 and previous year April 01, 2009 to March 31, 2010.

3. **Estimates and assumptions**

   In preparing the Company's financial statements in conformity with accounting principles generally accepted in the USA, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The important estimates made by the Company in preparing these financial statements include those on the useful life of property and equipment and provision for taxes. Actual results could differ from those estimates.

4. **Cash and cash equivalents**

   The Company considers all highly liquid investments and deposits with an original maturity of ninety days or less to be cash equivalents. Cash comprises of cash in hand and balance in checking and saving account with bank.

5. **Revenue recognition**

   The Company derives revenues from conducting marketing activities for its parent, PGL India. The marketing fees are recognized as revenues, as services are rendered.

   The Company evaluated the criteria outlined in FASB- ASC 605-45, Reporting Revenue Gross as a Principal Versus Net as an Agent, in determining whether it is appropriate to record the gross amount of product sales and related costs or the net amount of marketing fee earned as commissions. The Company is not the primary obligor, does not take inventory risk and the amounts earned as marketing fee are based on a fixed schedule. The Company records the net amounts of marketing fee as commissions earned.

6. **Accounts receivable & allowance for doubtful accounts:**

   Accounts receivable are held on behalf of its parent company Piramal Glass Limited which carries the risk of shortfall in collection, if any, from the ultimate customers. However Company follows specific identification method for recognizing bad debts. Management analyzes accounts receivable and the composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness when evaluating the adequacy of the allowance for doubtful accounts.

7. **Inventories**

   Inventories consist of glass products purchased from PGL India, and are stated at the lower of cost or market. The cost of inventory includes the purchase price of the products and expenses incurred on freight, customs duty and other incidental expenses. The cost of the products is determined using the first in, first out method.

8. **Income taxes**

   The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period of change. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

9. **Property and equipment**

   Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the assets using the straight-line method.

   The estimated useful lives of assets are as follows:

Furniture	5 years
Office equipment	3 years
Leasehold improvements	62 months
Trade show booth	3 - 5 years

NOTE B – CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise of:

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Checking account with Wachovia	7,580	338,068	43,930	1,972,457
Savings account with Wachovia	26,348	1,175,121	26,349	1,183,070
Total	**33,928**	**1,513,189**	**70,279**	**3,155,527**

NOTE C – ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivable as at March 31, 2011 include due from customers of $ 2,612,952 ₹ 116,537,659 (previous year $ 894,489 ₹ 401,62,556) representing amounts receivable on product sales.

NOTE D – INVENTORIES, INCLUDING GOODS IN TRANSIT

Inventories as at March 31, 2011 consist of glass products that are valued at $ 1,532,737 ₹ 68,360,070 (previous year $ 1,274,114 ₹ 572,07,719) including goods-in-transit of $ 418,002 ₹ 1,86,42,889.20 (previous year $ 202,412 ₹ 90,88,298.80).

NOTE E – OTHER CURRENT ASSETS

The other current assets comprise of:

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Advance taxes	954	42,548	5,765	258,849
Total	**954**	**42,548**	**5,765**	**258,849**

NOTE F – OTHER ASSETS

The other assets comprise of:

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Security deposit	2,642	117,833	2,642	118,626
Total	**2,642**	**117,833**	**2,642**	**118,626**

NOTE G – PROPERTY AND EQUIPMENT, NET

Property and equipment comprise the following:

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Office equipment	24,851	1,108,355	24,851	1,115,810
Trade show booth	176,751	7,883,095	176,751	7,936,120
Leasehold improvements	5,265	234,819	5,265	236,399
Less: Accumulated depreciation	(206,867)	(9,226,268)	(206,867)	(9,288,328)
Total	–	–	–	–

NOTE H – ACCOUNTS PAYABLE

Accounts payable as at March 31, 2011 include of $ 3,992,083 ₹ 178,046,902 (previous year $ 2,066,677 ₹ 92,793,797) representing amounts payable to PGL India.

NOTE I – OTHER CURRENT LIABILITIES

Other current liabilities include:

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Accrued liabilities	35,537	1,584,950	46,592	2,091,981
Federal withholding	1,316	58,694	–	
State withholding	131	5,843	–	
Federal tax payable	979	43,663	–	
Total	**37,963**	**1,693,150**	**46,592**	**2,091,981**

NOTE J – INCOME TAXES

The provision for income tax expense/ (benefit) is as follows:

	Year ended March 31, 2011 USD	Year ended March 31, 2011 ₹	Year ended March 31, 2010 USD	Year ended March 31, 2010 ₹
State				
Current	2,663	121,300	524	24,895
Deferred	346	15,760	1,865	88,606
Federal				
Current	3,128	142,480	1,082	51,406
Deferred	(1,532)	(69,783)	1,123	53,354
Previous year excess provision written back	–		(4,020)	(190,990)
Total	**4,605**	**209,758**	**574**	**27,271**

The following is the summary of items giving rise to deferred tax asset:

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Noncurrent deferred tax asset / (liability)				
Property and equipment	5,475	244,185	4,289	192,576
Total	**5,475**	**244,185**	**4,289**	**192,576**

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. As a result of history of positive taxable income for past 3 years and certainty of future profits on account of transfer pricing methodology adopted of cost plus markup, it is more likely than not that deferred tax assets shall be realized and hence same have been recognized.

Effective April 1, 2009, the Company adopted the accounting standard regarding "Accounting for Uncertain Tax Positions". (FASB ASC 740-10) This standard provides detailed guidance for financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the company's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of the standard has had no material effect on the Company's financial position, results of operations or cash flow. The tax years of 2007 to 2009 remain subject to examination by the taxing authorities.

NOTE K – RELATED PARTY TRANSACTIONS

A. Related party with whom transactions have taken place during the year:

Piramal Glass Limited – Parent Company

B. The balance payable and transactions during the year are as follows:

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Accounts payable to PGL India	3,992,083	178,046,902	2,066,677	92,793,797

	For the year ended March 31, 2011 USD	For the year ended March 31, 2011 ₹	For the year ended March 31, 2010 USD	For the year ended March 31, 2010 ₹
Purchases of glass products from PGL India	6,024,493	274,415,656	4,174,787	198,344,130
Marketing commission	523,678	23,853,533	448,524	21,309,375

The balance receivable is as follows:

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Accounts receivable from PGL India	131,573	5,868,156	79,895	3,587,286

NOTE L - SEGMENT INFORMATION

The Company's main business is to market glass products for PGL India. The management views the Company's marketing service business as a reportable segment.

NOTE M - CONCENTRATIONS

Financial instruments that have a potential to subject the Company to concentrations of credit risk comprise principally of cash equivalents and accounts receivable. The fair values of these financial instruments approximate their book values.

NOTE N - STOCKHOLDERS' EQUITY

Common stock issued

Consequent to a subscription agreement entered into with PGL India in October 2002, PGI received subscriptions towards common stock amounting to $25,000 ₹ 10,84,750 during October 2002. Common stock towards this subscription was in October 2002

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the company, the holders of common stock shall be entitled to receive all of the remaining assets of the company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

Directors' Report

The Directors of Piramal Glass USA, Inc. have pleasure in presenting their Report together with the Audited Accounts for the financial year ended March 31, 2011.

PRINCIPAL ACTIVITY

Principal activity of the Company is the manufacture & sale of Glass Containers.

CURRENCY

All figures appearing in the accounts are in US Dollars and are denoted as "USD" or "$". Rupee equivalent of US $ in audited statements as at 31st March 2011 and as at 31st March 2010 have been done using closing rate of 1 US $ = 44.60 ₹ (B/S items) and 1 US $ = 45.55 ₹ (P&L items - 12 Months Avg.) and 1 US $ = 44.90 ₹ (B/S items) and 1 US $ = 47.51 ₹ (P&L items - 12 Months Avg.) as of respective dates.

FINANCIAL RESULTS

TURNOVER AND PROFIT / (LOSS)	Year ended 31 March 2011 USD	Year ended 31 March 2011 ₹ in Mio	Year ended 31 March 2010 USD	Year ended 31 March 2010 ₹ in Mio
Net Turnover	81,247,797	3,700.83	73,869,417	3,509.54
Profit before Tax	2,448,984	111.55	(758,291)	(36.03)
Profit / (Loss) after Tax	2,389,616	108.85	(786,124)	(37.35)

REVIEW OF OPERATIONS & FUTURE OUTLOOK

Piramal Glass USA Inc. increased its market share and share of wallet in chosen segments in USA. During the current year sales Increased by more than 20% in Cosmetic, Distribution & Pharma segment. However, Sales in the specialty segment was lower due to temporary drop in off-take by a leading brand in USA due to change in ownership. The Company ended the year with sales of US$ 81.24 mio (₹ 3,700.83 mio) as against US$ 73.87 mio (₹ 3,509.54 mio) in previous period.

Also, during the year, Customers have increased their purchase of glass made in our Indian facilities; which constituted approximately 24% of the total sales.

The profit after tax for the current year is US$ 2.38 mio (₹ 108.85 mio) as against the loss of US$ 0.78 mio (loss in ₹ 37.35 mio) in previous year. This improvement was enabled through improvement in overall sales, Higher sourcing from India, better capacity utilization, stringent cost control and by replacing high cost loans with low cost loans.

During the coming fiscal year, the company plans to further strengthen its position in the High Quality specialty segment & continue to rationalize production to our Indian facilities. Company plans to substantially upgrade and modernize it's infrastructure to enable it to focus in specialty segment.

CAPITAL EXPENDITURE AND INVESTMENTS

The Company spent an amount of US$ 315,759 (₹ 14.08 mio) on capital expenditure during the year as against US$ 1,174,236 (₹ 52.72 mio) in previous period. No other investments have been made by the Company during the year.

SHARE CAPITAL

Share Capital consists of 500,000 Equity Shares of US$ 10 each issued to its parent company, Piramal Glass Limited.

DIVIDEND

No dividend has been declared for the year ended March 31, 2011.

POST BALANCE SHEET EVENTS

No events have taken place since the Balance Sheet date, which would require any adjustments or disclosures other than the above.

DIRECTORATE

The Directors of the Company are:

Mr. Vijay Shah	Mr. Niraj Tipre - Chief Executive Officer
Mr. Nitin Nohria	Mr. Sandeep Arora

DIRECTORS' SHAREHOLDING

None of the directors hold any stock in the Company.

DIRECTORS RESPONSIBILITIES

We hereby state:

(i) that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

(ii) that the Directors have selected such accounting policies and applied them consistently and 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, 2011 and its loss for the year ended on that date;

(iii) that proper and sufficient care is being taken for the maintenance of adequate accounting records in accordance with the applicable laws so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and

(iv) that the Accounts have been prepared on a going concern basis.

AUDITORS

The Accounts have been audited by KNAV P. A., Certified Public Accountants, USA, who offer themselves for re-appointment.

By Order of the Board

Niraj Tipre

Director & Chief Executive Officer.

Date : April 16, 2011.

Report of Independent Accountants

Board of Directors

Piramal Glass-USA, Inc

We have audited the accompanying special purpose balance sheets of Piramal Glass-USA, Inc ('the Company') as at March 31, 2011 and March 31, 2010 and the related statements of income, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of fulfilling regulatory filing requirements in India by Piramal Glass Limited; the parent company as discussed in note 2 (a), and are not intended to be a presentation in conformity with generally accepted accounting principles. Based on our audit, we are not aware of any material modifications that should be made to the accompanying special-purpose financial statements in order for them to be in conformity with the basis of accounting described in note 2(a).

In our opinion, the special purpose financial statements referred to above present fairly in all material respects, the financial position of the Company as at March 31, 2011 and March 31, 2010 and the results of its operations, stockholder's deficit and cash flows for the years then ended, on the basis of accounting described in Note A.

This report is intended solely for the information and use of the board of directors and management at their discretion and to meet regulatory filing requirements in India by Piramal Glass Limited; the ultimate parent company and is not intended to be and should not be used by anyone other than these specified parties.

Atlanta, Georgia
April 16, 2011

KNAV P. A.
Certified Public Accountants
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With offices in Atlanta, London and Mumbai

Balance Sheet as at March 31, 2011 and March 31, 2010

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
ASSETS				
Current assets				
Cash and cash equivalents	318,301	14,196,225	601,858	27,023,424
Accounts receivable, net of allowances	8,887,009	396,360,601	8,456,731	379,707,222
Inventories, including goods-in-transit	21,611,645	963,879,367	20,020,395	898,915,736
Prepaid expenses	530,729	23,670,513	622,146	27,934,355
Other current assets	443,707	19,789,332	720,993	32,372,586
Total current assets	**31,791,391**	**1,417,896,039**	**30,422,123**	**1,365,953,323**
Investments	5,739,095	255,963,637	5,739,095	257,685,366
Other non-current assets	1,707,911	76,172,831	1,453,084	65,243,472
Property, plant and equipment, net	5,123,705	228,517,243	7,532,347	338,202,380
Total assets	**44,362,102**	**1,978,549,749**	**45,146,649**	**2,027,084,540**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Accounts payable	8,284,793	369,501,768	7,737,077	347,394,757
Short term debt	25,000,000	1,115,000,000	20,000,000	898,000,000
Current portion of long term debt	15,726,030	701,380,938	14,725,888	661,192,371
Other current liabilities	4,871,332	217,261,407	4,529,615	203,379,714
Total current liabilities	**53,882,155**	**2,403,144,113**	**46,992,580**	**2,109,966,842**
Long term debt	19,906,612	887,834,895	29,937,641	1,344,200,081
Total liabilities	**73,788,767**	**3,290,979,008**	**76,930,221**	**3,454,166,923**
Stockholder's (deficit)				
Common stock	5,000,000	226,000,000	5,000,000	226,000,000
Accumulated other comprehensive loss	(32,709)	(1,489,895)	-	-
Accumulated (deficit)	(34,393,956)	(1,511,592,793)	(36,783,572)	(1,620,439,802)
Exchange Gain /Loss		(25,346,571)		(32,642,581)
Total stockholder's (deficit)	**(29,426,665)**	**(1,312,429,259)**	**(31,783,572)**	**(1,427,082,383)**
Total liabilities and stockholder's (deficit)	**44,362,102**	**1,978,549,749**	**45,146,649**	**2,027,084,540**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US$ - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

KNAV P. A.	Mr. Vijay Shah	Director
Certifited Public Accountants	Mr. Nitin Nohria	Director
3731 Lake Pass Lane	Mr. Sandeep Arora	Director
Suwanee, GA 30024	Mr. Niraj Tipre	Director & Chief Executive Officer

Statement of Income for the year ended March 31, 2011 and March 31, 2010

Statements of income	Year ended March 31, 2011 USD	Year ended March 31, 2011 ₹	Year ended March 31, 2010 USD	Year ended March 31, 2010 ₹
Revenues, net of allowances & rebates	81,247,797	3,700,837,153	73,869,417	3,509,536,002
Cost of revenues	70,644,611	3,217,862,031	65,532,979	3,113,471,832
Gross profit	**10,603,186**	**482,975,122**	**8,336,438**	**396,064,169**
Costs and expenses				
Selling, general and administrative expense	4,689,714	213,616,473	4,673,242	222,025,727
Depreciation	249,836	11,380,030	323,604	15,374,426
Interest	3,214,652	146,427,399	4,097,883	194,690,421
Total costs and expenses	**8,154,202**	**371,423,901**	**9,094,729**	**432,090,575**
Profit / (loss) before income tax	**2,448,984**	**111,551,221**	**(758,291)**	**(36,026,405)**
Provision for tax				
Current tax	59,368	2,704,212	27,833	1,322,346
Deferred tax	–	–	–	–
Net profit / (loss)	**2,389,616**	**108,847,009**	**(786,124)**	**(37,348,751)**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US$ - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

KNAV P. A.	Mr. Vijay Shah	Director
Certifited Public Accountants	Mr. Nitin Nohria	Director
3731 Lake Pass Lane	Mr. Sandeep Arora	Director
Suwanee, GA 30024	Mr. Niraj Tipre	Director & Chief Executive Officer

Statement of stockholder's deficit for the year ended March 31, 2011 and March 31, 2010

Particulars	Common Stock				Accumulated other comprehensive loss	Accumulated (deficit)	Total stockholders (deficit)
	Authorized		Issued & Outstanding				
	Shares	**USD**	**Shares**	**USD**	**USD**	**USD**	**USD**
Balance as at April 1, 2009	500,000	5,000,000	500,000	5,000,000	–	(35,997,449)	(30,997,449)
Net (loss) for the year					–	(786,124)	(786,124)
Comprehensive (loss)							(786,124)
Balance as at March 31, 2010	**500,000**	**5,000,000**	**500,000**	**5,000,000**	–	**(36,783,573)**	**(31,783,573)**
Balance as at April 1, 2010	500,000	5,000,000	500,000	5,000,000	–	(36,783,573)	(31,783,573)
Net profit for the year						2,389,616	2,356,907
Unrecognized swap loss					(32,709)	–	(32,709)
Comprehensive income							2,324,198
Balance as at March 31, 2011	**500,000**	**5,000,000**	**500,000**	**5,000,000**	**(32,709)**	**(34,393,957)**	**(29,426,665)**

(The accompanying notes are an integral part of these financial statements)

Particulars	Common Stock				Accumulated other comprehensive loss	Accumulated (deficit)	Total stockholders (deficit)
	Authorized		Issued & Outstanding				
	Shares	**₹**	**Shares**	**₹**	**₹**	**₹**	**₹**
Balance as at April 1, 2009	500,000	226,000,000	500,000	226,000,000	Nil	(1,583,091,099)	(1,357,091,099)
Net (loss) for the year						(37,348,703)	(37,348,703)
Comprehensive (loss)							
Balance as at March 31, 2010	**500,000**	**226,000,000**	**500,000**	**226,000,000**	**Nil**	**(1,620,439,802)**	**(1,394,439,802)**
Balance as at April 1, 2010	500,000	226,000,000	500,000	226,000,000	Nil	(1,620,439,802)	(1,394,439,802)
Net profit for the year						108,847,009	107,357,114
Unrecognized swap loss					(1,489,895)		(1,489,895)
Comprehensive income							105,867,219
Balance as at March 31, 2011	**500,000**	**226,000,000**	**500,000**	**226,000,000**	**(1,489,895)**	**(1,511,592,793)**	**(1,287,082,688)**

(The accompanying notes are an integral part of these financial statements)

Statement of Cash Flow for the year ended March 31, 2011 and March 31, 2010

	March 31, 2011 USD	March 31, 2011 ₹	March 31, 2010 USD	March 31, 2010 ₹
Cash flow from operating activities				
Net profit / (loss)	2,389,616	108,847,009	(786,124)	(37,348,703)
Adjustments to reconcile net profit/(loss) to net cash provided by operating activities				
Depreciation & amortization	2,724,402	124,096,511	2,478,970	117,775,865
Current tax expense	59,368	2,704,212	27,833	1,322,346
Changes in assets and liabilities				
Accounts receivable	(430,278)	(16,653,380)	(2,334,491)	(134,082,953)
Inventory, including goods-in-transit	(1,591,251)	(64,963,632)	3,482,731	44,029,639
Prepaid expenses and other current assets	113,876	122,868,066	(529,281)	(34,600,739)
Accounts payable	547,716	22,107,011	2,149,353	(63,985,396)
Other current liabilities	249,641	11,133,989	860,195	(17,266,732)
Net cash provided by operating activities	**4,063,090**	**310,139,786**	**5,349,186**	**(124,156,673)**
Cash flow from investing activities				
Purchase of fixed assets	(315,759)	(14,082,851)	(1,174,236)	(52,723,241)
Net cash (used in) investing activities	**(315,759)**	**(14,082,851)**	**(1,174,236)**	**(52,723,241)**
Cash flow from financing activities				
Short term debt				
- Receipts	5,000,000	223,000,000	20,000,000	898,000,000
-Repayments	–		(433,764)	(19,476,004)
Long term debt				
-Receipts	10,695,000	476,997,000	7,500,000	336,750,000
-Repayments	(19,725,888)	(879,774,605)	(32,225,688)	(1,446,933,391)
Net cash (used in) financing activities	**(4,030,888)**	**(179,777,605)**	**(5,159,452)**	**(231,659,395)**
Net (decrease) in cash and cash equivalents	(283,557)	116,279,330	(984,502)	185,195,610
Cash and cash equivalents at the beginning of the year	601,858	27,023,424	1,586,360	54,610,702
Cash Inflow/ (Outflow) on account Foreign Exchange Difference		(129,106,529)		(212,782,888)
Cash and cash equivalents at the end of the year	**318,301**	**14,196,225**	**601,858**	**27,023,424**
Supplemental cash flow information				
Interest paid	2,666,931	121,478,707	4,500,774	213,831,773
Income taxes paid	84,443	3,846,379	17,024	808,810

(The accompanying notes are an integral part of these financial statements)

KNAV P. A.	Mr. Vijay Shah	Director
Certified Public Accountants	Mr. Nitin Nohria	Director
3731 Lake Pass Lane	Mr. Sandeep Arora	Director
Suwanee, GA 30024	Mr. Niraj Tipre	Director & Chief Executive Officer

Notes to Special Purpose Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying special purpose financial statements are as follows:

1. Business description

Piramal Glass-USA, Inc ("the Company") erstwhile Gujarat Glass International, Inc was incorporated in Delaware on October 17, 2005. On October 25, 2005 ("the acquisition date"), the Company acquired specific assets and assumed specific liabilities associated with the Cosmetics Glass Products Division of "The Glass Group, Inc." The Company manufactures specialty molded glass containers for customers in the cosmetic, personal care, distribution and food and beverage industries among others.

In October, 2005, the Company formed two wholly-owned subsidiaries, GGI Williamstown, LLC and GGI Flat River, LLC. GGI Williamstown, LLC acquired the land and building of The Glass Group, Inc. at Williamstown, New Jersey and GGI Flat River, LLC acquired the land and building of The Glass Group, Inc. at Flat River, Missouri.

Piramal Glass-USA, Inc erstwhile Gujarat Glass International, Inc is a wholly owned subsidiary of Piramal Glass Limited ("PGL" or "parent company") erstwhile Gujarat Glass Limited ("GGL"), an India company, which manufactures glass packaging for the pharmaceutical and cosmetic industry.

The name of the company changed from "Gujarat Glass International Inc." to "Piramal Glass – USA, Inc with effect from April 28, 2008. The change in name was authorized by the board of directors in the board meeting held on April 8, 2008. The name of the subsidiaries changed from "GGI Williamstown, LLC." to "Piramal Glass Williamstown, LLC" and of "GGI Flat River, LLC." to "Piramal Glass Flat River, LLC with effect from October 27, 2008.

2. Basis of presentation

a. The financial statements are prepared in accordance with the accounting policies described in these notes. The financial statements have been prepared on a standalone basis for the purpose of regulatory filing requirements in India by Piramal Glass Limited; the parent company. The special purpose financial statements present all assets in accordance with generally accepted accounting principles except for investments in subsidiaries which are presented on a cost basis. All amounts are stated in U.S. dollars, except as otherwise specified.

b. The financial statements are for the years from April 1, 2010 to March 31,2011 and April 1, 2009 to March 31, 2010.

c. Going concern issue

The financial statements of the Company have been prepared on the assumption that it remains a going concern. The management considers that the parent company will continue to provide financial support and honor the Company's obligations as they arise.

The management has reviewed the Company's budget and outline projections including working capital requirements. Following the review and at the time of approving these financial statements, the management considers that the Company has sufficient resources available from its parent company to continue operating for the foreseeable future. For these reasons the management continues to prepare the financial statements on a going concern basis.

d. Estimates and assumptions

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The important estimates made by the Company in preparing these financial statements include those on the useful life of property and equipment, the valuation of provisions for customer rebates and returns, inventory reserve and deferred taxes. Actual results could differ from those estimates.

e. Previous year's figures have been regrouped, reworked or reclassified wherever required.

3. Cash and cash equivalents

The Company considers all highly liquid investments and deposits with a remaining maturity of ninety days or less on the date of purchase to be cash and cash equivalents. Cash and cash equivalents comprise cash on hand and balance with banks.

4. Revenue recognition

The Company recognizes sales, net of estimated discounts and allowances when the title to the products and risk of loss are transferred to customers. Provisions for rebates to customers are provided in the same period that the sales are recorded.

5. Shipping and handling costs

The Company classifies shipping and handling costs as selling expenses. Amounts billed to a customer in a sales transaction related to shipping and handling are classified as revenue.

6. Inventories

Inventories are valued at the lower of standard cost or market. The Company believes that the standard cost per product approximates the actual inventory cost. Goods-in-transit represents goods purchased from Piramal Glass Limited ("PGL") erstwhile Gujarat Glass Limited ("GGL") but not received at warehouse as at year end.

7. **Income taxes**

The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period of change. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

8. **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the assets using the straight-line method. Expenditures for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related depreciation are eliminated from the financial records. Any gain or loss on disposition is credited or charged to income.

The estimated useful lives of assets are as follows:

Plant and equipment	3 - 6 years
Vehicles	2 years
Computer	3 years
Furniture and fixtures	3 years

The cost of property and equipment not put to use are disclosed under "Capital work in progress." Depreciation has not been charged on capital work in progress.

Property, plant and equipment to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

9. **Derivatives**

The Company uses interest rate swap contracts as cash flow hedges to eliminate the cash flow exposure of interest rate movements on floating rate debt. The Company adopted the provisions of Financial Accounting Standard Board ("FASB") Accounting Standard Codification ("ASC") 815 to account for its interest rate swap contracts from April 1, 2010. Upon application of the Statement, the Company records the swaps at their fair values on the balance sheet. The Company has recorded an unrecognized swap loss of $ 32,709 ₹ 1,489,895 as other comprehensive loss for the year ended March 31, 2011.

NOTE B – CASH AND CASH EQUIVALENT

Cash and cash equivalents comprise the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Bank balance	318,301	14,196,225	601,858	27,023,424
Total	**318,301**	**14,196,225**	**601,858**	**27,023,424**

Cash balances on deposit with bank are insured by the Federal Deposit Insurance Corporation up to $ 250,000 ₹ 11,150,000 (previous year $250,000 ₹ 11,225,000). There are no cash equivalents at March 31, 2011 and March 31, 2010.

NOTE C – ACCOUNTS RECEIVABLE

Accounts receivable as at March 31, 2011 represents due from customers of $ 9,967,534 ₹ 444,552,016 (previous year $ 9,543,636 ₹ 428,509,256), representing amounts receivable on product sales. The Company maintains an allowance for returns, rebates and doubtful debts on all account receivable, based on present and prospective financial condition of the customer and ageing of accounts receivable after considering historical experience and the current economic environment. Accounts receivables are currently not secured. Also, there has been no factoring of accounts receivable.

The movement in allowance for returns, rebates and doubtful debts during the year was as follows:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Opening balance	1,086,905	48,475,963	870,271	39,075,168
Add: During the year provision	1,377,645	61,442,967	1,279,145	57,433,611
Less: During the year write off	(1,384,025)	(61,727,515)	(1,062,511)	(47,706,744)
Closing balance	**1,080,525**	**48,191,415**	**1,086,905**	**48,802,035**

NOTE D – INVENTORIES

Major classes of inventory are as follows

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Finished goods	17,419,703	776,918,754	16,089,352	722,411,905
Raw material	1,392,856	62,121,378	1,395,650	62,664,685
Packaging	784,591	34,992,759	765,906	34,389,179
Moulds	622,185	27,749,451	537,650	24,140,485
Goods-in-transit	1,392,310	62,097,026	1,231,837	55,309,481
Total	**21,611,645**	**963,879,367**	**20,020,395**	**898,915,736**

NOTE E – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Plant and machinery	984,636	43,914,766	14,077,039	632,059,051
Furniture and fixture	402,981	17,972,953	402,981	18,093,847
Computer	14,372,149	640,997,845	984,635	44,210,112
Vehicles	312,679	13,945,483	292,030	13,112,147
Less : Accumulated depreciation	(10,948,740)	(488,313,804)	(8,224,338)	(369,272,776)
Property, plant and equipment, net	**5,123,705**	**228,517,243**	**7,532,347**	**338,202,380**

Depreciation and amortization expense for the year ended March 31, 2011 was $ 2,724,402 ₹ 124,096,511 (previous year $ 2,478,970 ₹ 117,775,865).

NOTE F – SHORT TERM DEBT

Short term debt comprises of the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Loan from Bank of Baroda	25,000,000	1,115,000,000	20,000,000	898,000,000
Total	**25,000,000**	**1,115,000,000**	**20,000,000**	**898,000,000**

The Company has obtained working capital loan from Bank of Baroda, New York branch of $ 15,000,000 ₹ 669,000,000 for providing regular working capital. The loan is secured by Standby Letter of Credit issued by Central Bank of India, Mumbai. This Standby Letter of Credit is secured by counter guarantee of Piramal Glass Ltd and a pari passu first charge on entire fixed assets of Piramal Glass Ltd. The repayment of this working capital loan is in August 2011. The average interest rate on the working capital loan during the year ended March 31, 2011 was 3.07% per annum and the interest rate as at March 31, 2011 was 2.96% per annum.

The Company has also obtained working capital loan from Bank of Baroda, New York branch of $ 5,000,000 ₹ 223,000,000 for providing regular working capital. The loan is secured by Standby Letter of Credit issued by Central Bank of India, Mumbai. This Standby Letter of Credit is secured by counter guarantee of Piramal Glass Ltd and a pari passu first charge on entire fixed assets of Piramal Glass Ltd. The repayment of this working capital loan is in February 2012. The average interest rate on the working capital loan during the year ended March 31, 2011 was 2.20% per annum and the interest rate as at March 31, 2011 was 2.16% per annum.

The Company has further obtained working capital loan from Bank of Baroda, New York branch of $ 5,000,000 ₹ 223,000,000 for providing regular working capital. The loan is secured by Standby Letter of Credit issued by Bank of Baroda, Mumbai. This Standby Letter of Credit is secured by counter guarantee of Piramal Glass Limited and a pari passu first charge on fixed assets of Piramal Glass Limited. The repayment of this working capital loan is in June 2011. The average interest rate on the working capital loan during the year ended March 31, 2011 was 3.16% per annum and the interest rate as at March 31, 2011 was 2.96% per annum.

NOTE G – LONG TERM DEBT

The Company has taken long term loans from EXIM Bank of $ 30,000,000 INR 1338,000,000 carrying interest at "LIBOR (simple average of 6 month USD LIBOR each day) +285 basis points per annum payable quarterly, and from AXIS Bank of $ 18,000,000 ₹ 802,800,000 carrying interest at "LIBOR (simple average of 6 month USD LIBOR each day) +290 basis points per annum payable monthly and from AXIS Bank of $ 10,000,000 ₹ 446,000,000 carrying interest at "LIBOR (simple average of 3 month USD LIBOR each day) +450 basis points per annum payable monthly, the guarantees for which have been provided by Piramal Glass Limited.

The details of weighted average rate of interest and interest rate on balance sheet date is as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
EXIM Bank		
Loan amount USD 30 million		
Weighted average rate of interest	3.32%	4.23%
Interest rate as at	3.35%	3.54%
Axis Bank		
Loan amount USD 8 million (#90202062004)		
Weighted average rate of interest	3.34%	4.32%
Interest rate as at	3.38%	3.58%
Loan amount USD 10 million (#90202063520)		
Weighted average rate of interest	3.38%	4.19%
Interest rate as at	3.47%	3.28%
Loan amount USD 10 million (#90202069393)		
Weighted average rate of interest	4.54%	5.16%
Interest rate as at	4.30%	4.75%

Loan from Piramal Glass Limited

The Company, at the end of the year, had a long-term debt of $ 10,545,000 INR 470,307,000 (previous year $ 4,850,000 INR 217,765,000) from PGL. The loan from the parent company is repayable in 2012-2013. PGL charges interest on this loan at a rate based on its average borrowing costs. The weighted average interest rate, for the year ended March 31, 2011, on this debt, was 9.76% (previous year, 11.75%) per annum. The interest rate at the end of the year i.e. on March 31, 2011 was 11.0% (previous year, 9.6%) per annum.

The non-current portion of long term loans comprises of the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Loan from EXIM Bank	3,529,412	157,411,775	10,588,235	475,411,752
Loan from parent company PGL	10,545,000	470,307,000	4,850,000	217,765,000
Loan from AXIS Bank	5,832,200	260,116,120	14,499,406	651,023,329
Total	**19,906,612**	**887,834,895**	**29,937,641**	**1,344,200,081**

The current portion of long term loans comprises of the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Loan from EXIM Bank	7,058,824	314,823,550	7,058,824	316,941,198
Loan from AXIS Bank	8,667,206	386,557,388	7,667,064	344,251,174
Total	**15,726,030**	**701,380,938**	**14,725,888**	**661,192,371**

Future loan repayment schedule is as follows:

Year ended March 31	EXIM Bank USD	EXIM Bank ₹	AXIS Bank USD	AXIS Bank ₹	PGL USD	PGL ₹
2012	7,058,824	314,823,550	8,667,206	386,557,388	–	–
2013	3,529,412	157,411,775	4,166,200	185,812,520	10,545,000	470,307,000
2014	–	–	1,666,000	74,303,600	–	–

NOTE H – INCOME TAXES

The provision for income tax expense is as follows

Particulars	Period ended March 31, 2011 USD	Period ended March 31, 2011 ₹	Period ended March 31, 2010 USD	Period ended March 31, 2010 ₹
State				
Current	59,368	2,704,212	27,833	1,322,346
Deferred	–	–	–	–
Federal				
Current	–	–	–	–
Deferred	–	–	–	–
Total	**59,368**	**2,704,212**	**27,833**	**1,322,346**

The following is the summary of items giving rise to deferred tax assets/liabilities

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Current deferred tax asset				
Accounts receivable	414,982	18,508,197	438,105	19,670,915
Inventory	721,356	32,172,478	701,545	31,499,371
Accrued expenses and provisions	747,949	33,358,525	1,361,305	61,122,595
Interest disallowance	1,126,767	50,253,808	1,517,075	68,116,668
Current deferred tax asset	3,011,054	134,293,008	4,018,030	180,409,547
Less: valuation allowance	(3,011,054)	(134,293,008)	(4,018,030)	(180,409,547)
Current deferred tax asset, net	–	–	–	–
Non current deferred tax asset				
Net operating losses	9,090,873	405,452,936	9,199,417	413,053,823
Property, plant and equipment	157,933	7,043,812	555,436	24,939,076
Noncurrent deferred tax asset	9,248,806	412,496,748	9,754,853	437,992,900
Less: valuation allowance	(9,248,806)	(412,496,748)	(9,754,853)	(437,992,900)
Non current deferred tax asset, net	–	–	–	–
Total	**Nil**	**Nil**	**Nil**	**Nil**

As a result of the recent operating losses and the uncertainty of future business conditions, generally accepted accounting principles require that the Company establish a tax valuation allowance after assessing the realization value of its deferred tax assets. The Company has established an allowance of $ 12,259,861 (previous year $ 13,772,883) as at March 31, 2011. In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. At March 31, 2011, the Company had federal net operating loss carry forward of approximately $ 23,694,769 (previous year $ 25,573,958 expiring over 2025 and 2029) expiring over 2025 and 2029 and state net operating loss of $ 21,228,929 (previous year $ 23,074,845 expiring over 2025 and 2029).

FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - An interpretation of FASB ASC 740 (“FIN 48”), became applicable for all nonpublic companies for fiscal years beginning after December 15, 2008. Effective April 1, 2009, the Company adopted the provisions of FIN 48. FIN 48 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements in accordance with ASC 740. Tax positions must meet a “more-likely-than-not” recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. As at the effective date and during the year ended March 31, 2011, the Company recognized no uncertain tax positions.

NOTE I – RELATED PARTY TRANSACTIONS

During the year, the Company had the following transactions with its parent, PGL and subsidiaries, Piramal Glass Flat River LLC and Piramal Glass Williamstown LLC.

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Piramal Glass Limited				
Transactions during the year				
• Reimbursement of expenses paid to PGL	418,751	19,074,108	906,289	43,057,790
• Reimbursement of expenses received from PGL	4,500	204,975	–	–
• Interest accrued on loan	400,592	18,246,966	1,218,362	57,884,379
• Purchases, including goods-in-transit	13,369,279	608,970,658	8,745,138	415,481,506
• Sales	–		9,000	
• Term loan received	10,695,000	476,997,000	7,500,000	336,750,000
• Term loan repaid	5,000,000	223,000,000	20,000,000	898,000,000
Balance at year end				
• Outstanding long term loan	10,545,000	470,307,000	4,850,000	217,765,000
• Payable for other expenses	662,569	29,550,577	496,245	22,281,401
• Payable for interest	210,159	9,373,091	260,136	11,680,106
• Trade payables	5,017,030	223,759,538	5,146,307	231,069,184
Piramal Glass Williamstown, LLC				
Transactions during the year				
• Lease rental expense	184,664	8,411,445	184,664	8,773,387
• Property taxes incurred	65,842	2,999,103	64,908	3,083,779
Balance at year end				
• Receivables, net	272,984	12,175,086	154,162	6,921,874
Piramal Glass Flat River, LLC				
Transactions during the year				
• Lease rental expense	257,960	11,750,078	257,960	12,255,680
• Property taxes incurred	80,245	3,655,160	66,000	3,135,660
Balance at year end				
• Receivables, net	938,444	41,854,602	760,729	34,156,732

The weighted average interest rate, for the year ended March 31, 2011, on the long term loan from PGL, was 9.76% (previous year, 11.75%) per annum. The interest rate at the end of the year i.e. on March 31, 2011 was 11.0% (previous year, 9.6%) per annum.

NOTE J – SHIPPING AND HANDLING COST

The amount of shipping and handling costs for the year ended March 31, 2011 was $ 1,321,772 ₹ 60,206,715 (previous year $ 1,248,393 ₹ 59,311,151).

NOTE K – COMMITMENT AND CONTINGENCIES

a) Operating lease

The Company has a warehousing facility located on leased premises in Mays Landing, NJ. The Company has leased office machines, motor vehicles, warehouse and forklifts under non-cancelable operating leases. Rental expense for the year ended March 31, 20111 was $ 852,140 ₹ 38,814,977 (previous year $ 1,039,738 ₹ 49,397,952).

At March 31, 2011, future rental commitments for the non-cancelable leases are as follows:

Year	Rental Commitments USD	Rental Commitments ₹
2012	540,541	24,108,129
2013	354,985	15,832,331
2014	12,696	566,242
Total	**908,222**	**40,506,701**

b) Employment contracts

The Company has employment agreements with key executive officers. These agreements provide for base salaries, perquisites and fringe benefits as approved by the Board of Directors.

c) Environmental issues

The Company is subject to various federal, state and local environmental laws and regulations, including those regulating the discharge, storage, handling and disposal of a variety of substances. These laws and regulations include, among others, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Air Act, the Resource Conservation and Recovery Act and the Toxic Substances Control Act. These environmental regulatory programs are primarily administered by the U.S. Environmental Protection Agency.

The Company does not believe that future compliance with these environmental laws and regulations will have a material adverse effect on its results of operations, financial condition or cash flows. However, environmental laws and regulations are becoming increasingly stringent. Consequently, the Company's compliance and remediation costs could be material. In addition, the Company cannot currently assess with certainty the impact that the future emission standards and enforcement practices under the amendments to the Clean Air Act will have on its operations or capital expenditure requirements. However, the Company believes that any such impact or capital expenditures will not have a material adverse effect on its results of operations, financial condition or cash flows.

NOTE L – RETIREMENT PLANS

The Company has two defined contribution plans, a plan for salaried employees and a plan for eligible union employees, to which it contributes 3.5% of employees' compensation. The contribution for the year ended March 31, 2011 was $ 678,387 ₹ 30,900,528 (previous year $ 652,458 ₹ 30,998,280). At March 31, 2011, accrued pension – hourly includes $ 8,201 ₹ 365,765 (previous year $ 8,007 ₹ 359,514), and accrued pension – salaries includes $ 13,907 ₹ 620,252 (previous year $ 10,184 ₹ 457,261), due under these plans.

The Company also contributes to two 401(k) plans for salaried and eligible union personnel. The contributions for the year ended March 31, 2011 was $ 110,944 ₹ 5,053,499 (previous year $ 104,655 ₹ 4,972,159). At March 31, 2011, 401(k) savings – employer includes $ 30,798 ₹ 1,402,849(previous year $ 28,691 ₹ 13,63,109) due under these plans.

NOTE M – RISKS AND UNCERTAINTIES

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to: deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in sales; insufficient, excess or obsolete inventory; competitive factors, including but not limited to pricing pressures; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE I – CONCENTRATION RISK

The Company's principal market is in North America. Company's five largest customers accounted for approximately 29.54% (previous year 32.17%) of total sales and 32.87% (previous year 30.31%) of accounts receivables. No single customer accounted for more than 10% of the accounts receivable and total sales as at March 31, 2011 and March 31, 2010.

The Company buys certain raw materials from a limited number of suppliers. Management believes that other suppliers could provide these materials on comparable terms. 72.69% (previous year 72.31%) of total labor force is subject to collective bargaining agreement.

NOTE O – STOCKHOLDER'S DEFICIT

Common stock issued

The authorized share capital of the Company is $ 5,000,000 ₹ 226,000,000 (previous year $ 5,000,000 ₹ 226,000,000) comprising of 500,000 (previous year 500,000) shares of $ 10 (previous year $ 10) each and the issued capital is $ 5,000,000 (previous year $ 5,000,000) comprising of 500,000 (previous year 500,000) shares of $ 10 (previous year $ 10) each.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the company, the holders of common stock shall be entitled to receive all of the remaining assets of the company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE P – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 16, 2011 which is the date the financial statements were issued.

Directors' Report

The Directors of Piramal Glass Flat River, LLC have pleasure in presenting their Report together with the Audited Accounts for the financial year ended March 31, 2011.

CURRENCY

All figures appearing in the accounts are in US Dollars and are denoted as "USD" or "$". Rupee equivalent of US $ in audited statements as at 31st March 2011 and as at 31st March 2010 have been done using closing rate of 1 US $ = 44.60 ₹ (B/S items) and 1 US $ = 45.55 ₹ (P&L items - 12 Months Avg.) and 1 US $ = 44.90 ₹ (B/S items) and 1 US $ = 47.51 ₹ (P&L items - 12 Months Avg.) as of respective dates.

FINANCIAL RESULTS

TURNOVER AND PROFIT / (LOSS)	Year ended 31 March 2011 USD	Year ended 31 March 2011 ₹ in Mio	Year ended 31 March 2010 USD	Year ended 31 March 2010 ₹ in Mio
Operating Income	257,960	11.75	257,960	12.26
Profit before Income Tax	74,371	3.39	88,617	4.21
Profit / (Loss) after Taxation	74,371	3.39	88,617	4.21

REVIEW OF OPERATIONS

Piramal Glass Flat River, LLC is the wholly owned subsidiary of Piramal Glass - USA Inc. During the year, the Company has earned an income of USD 257,960 (₹ 11.75 mio) as against USD 257,960 (₹ 12.26 mio) in previous period from the lease of its land and building at Flat River to its parent company. The profit after tax for current year is USD 74,371 (₹ 3.39 mio) as against USD 88,617 (₹ 4.21 mio) in the previous period.

CAPITAL EXPENDITURE AND INVESTMENTS

The Company did not incur any expenditure on Fixed Assets during the year nor were there any investments made by the Company during the year.

SHARE CAPITAL

Share Capital consists of 3,459,716 shares of USD 1 each issued to parent company, Piramal Glass - USA Inc.

DIVIDEND

No dividend has been declared for the year ended March 31, 2011.

POST BALANCE SHEET EVENTS

No events have taken place since the Balance Sheet date, which would require any adjustments or disclosures other than the above.

DIRECTORATE

The Directors of the Company are:

Mr. Vijay Shah — Mr. Niraj Tipre - Chief Executive Officer

Mr. Nitin Nohria — Mr. Sandeep Arora

DIRECTORS' SHAREHOLDING

None of the directors hold any stock in the Company.

DIRECTORS RESPONSIBILITIES

We hereby state:

(i) that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

(ii) that the Directors have selected such accounting policies and applied them consistently and 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, 2011 and its profit for the year ended on that date;

(iii) that proper and sufficient care is being taken for the maintenance of adequate accounting records in accordance with the applicable laws so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and

(iv) that the Accounts have been prepared on a going concern basis.

AUDITORS

The Accounts have been audited by KNAV P. A., Certified Public Accountants, USA, who offer themselves for re-appointment.

By Order of the Board

Niraj Tipre

Director & Chief Executive Officer.

Date : April 16, 2011.

Report of Independent Accountants

To the Managing Member of

Piramal Glass Flat River, LLC

We have audited the accompanying balance sheets of Piramal Glass Flat River, LLC erstwhile GGI Flat River, LLC ('the Company') as at March 31, 2011 and March 31, 2010 and the related statements of income, member's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. .

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at March 31, 2011 and March 31, 2010 and the results of its operations, member's equity and cash flows for the years then ended, in conformity with the accounting principles generally accepted in the United States of America.

Atlanta, Georgia
April 16, 2011

KNAV P. A.
Certified Public Accountants
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Balance Sheet as at March 31, 2011 and March 31, 2010

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
ASSETS				
Current assets				
Cash and cash equivalents	500	22,300	500	22,450
Receivable from Piramal Glass-USA, Inc., net	938,444	41,854,602	760,729	34,156,732
Total current assets	**938,944**	**41,876,902**	**761,229**	**34,179,182**
Property and equipment, net	2,976,750	132,763,050	3,080,094	138,296,221
Total assets	**3,915,694**	**174,639,952**	**3,841,323**	**172,475,403**
MEMBER'S EQUITY				
Member's contribution	3,459,716	156,379,163	3,459,716	156,379,163
Accumulated surplus	455,978	20,613,093	381,607	17,225,494
Exchange Gain/ (Loss)		(2,352,303)		(1,129,254)
Total member's equity	**3,915,694**	**174,639,953**	**3,841,323**	**172,475,403**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US$ - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

KNAV P. A. | Mr. Niraj Tipre | Director & Chief Executive Officer

Certifited Public Accountants
3731 Lake Pass Lane
Suwanee, GA 30024

Statement of Income for the period ended March 31, 2011 and March 31, 2010

	Year ended March 31, 2011 USD	Year ended March 31, 2011 ₹	Year ended March 31, 2010 USD	Year ended March 31, 2010 ₹
Revenues	257,960	11,750,078	257,960	12,255,680
Cost of revenues	103,343	4,707,274	103,343	4,909,826
Gross profit	**154,617**	**7,042,804**	**154,617**	**7,345,854**
Costs and expenses				
General and administrative	80,246	3,655,205	66,000	3,135,660
Total cost and expenses	**80,246**	**3,655,205**	**66,000**	**3,135,660**
Income before income tax	**74,371**	**3,387,599**	**88,617**	**4,210,194**
Provision for tax				
Current tax	–	–	–	–
Net income	**74,371**	**3,387,599**	**88,617**	**4,210,194**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US$ - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

KNAV P. A.
Certified Public Accountants
3731 Lake Pass Lane
Suwanee, GA 30024

Mr. Niraj Tipre

Director & Chief Executive Officer

Statements of changes in members' equity for the periods ended March 31, 2011 and March 31, 2010

Particulars	Member's equity USD	Accumulated surplus USD	Total member's equity USD	Comprehensive income USD
Balance as at April 1, 2009	**3,459,716**	**292,990**	**3,752,706**	
Net income for the year		88,617	88,617	88,617
Balance as at March 31, 2010	**3,459,716**	**381,607**	**3,841,323**	
Net income for the year		74,371	74,371	74,371
Balance as at March 31, 2011	**3,459,716**	**455,978**	**3,915,694**	

(The accompanying notes are an integral part of these financial statements)

Particulars	Member's equity ₹	Accumulated surplus ₹	Total member's equity ₹	Comprehensive income ₹
Balance as at April 1, 2009	**156,379,163**	**13,015,300**	**169,394,463**	
Net income for the year		4,210,194	4,210,194	4,210,194
Balance as at March 31, 2010	**156,379,163**	**17,225,494**	**173,604,657**	
Net income for the year		3,387,599	3,387,599	3,387,599
Balance as at March 31, 2011	**156,379,163**	**20,613,093**	**176,992,256**	

(The accompanying notes are an integral part of these financial statements)

Statement of Cash Flow for the periods ended March 31, 2011 and March 31, 2010

	March 31, 2011 USD	March 31, 2011 ₹	March 31, 2010 USD	March 31, 2010 ₹
Cash flow from operating activities				
Net income	**74,371**	**3,387,599**	**88,617**	**4,210,194**
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	103,344	4,707,274	103,343	4,909,826
Changes in assets				
Receivable from Piramal Glass -USA Inc.	(177,715)	(7,697,870)	(191,960)	(5,308,769)
Net cash provided by operating activities	–	**397,002**	–	**3,811,251**
Cash flow from investing activities				
Net cash provided by investing activities	–		–	
Net increase in cash and cash equivalents	–	397,002	–	3,811,251
Cash Inflow/ (Outflow) on account of Exchange Gain/ Loss		(397,152)		(3,814,161)
Cash and cash equivalents at the beginning of the year	500	22,450	500	25,360
Cash and cash equivalents at the end of the year	**500**	**22,300**	**500**	**22,450**
Supplemental cash flow information				
Interest paid	$ Nil		$ Nil	
Income taxes paid	$ Nil		$ Nil	

(The accompanying notes are an integral part of these financial statements)

KNAV P. A. Mr. Niraj Tipre Director & Chief Executive Officer

Certifited Public Accountants
3731 Lake Pass Lane
Suwanee, GA 30024

Notes to financial statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

1. **Business description**

   Piramal Glass Flat River, LLC (the "Company"), a Delaware limited liability company, was formed in October, 2005. The Company is a wholly owned subsidiary of Piramal Glass - USA Inc., also a Delaware company. The Company has acquired the land and building of the "The Glass Group, Inc" at Flat River, Missouri.

2. **Basis of presentation**

   a. The financial statements are prepared as per the generally accepted accounting principles of United States. All amounts are stated in US dollars, except as otherwise specified.

   b. The financial statements are for the years ended March 31, 2011 and March 31, 2010.

   c. Previous year's figures have been regrouped, reworked or reclassified wherever required.

3. **Use of estimates**

   In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include amounts for property and equipment and land and building valuation and deferred taxes.

4. **Revenue recognition**

   The Company recognizes rental income from the lease of the property on a straight line basis over the term of the lease.

5. **Property and equipment**

   Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the assets using the straight-line method. Expenditures for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related depreciation are eliminated from the financial records. Any gain or loss on disposition is credited or charged to income.

   The estimated useful lives of assets are as follows:

   Buildings 40 years

   The cost of property and equipment not put to use are disclosed under "Capital work in progress." Depreciation has not been charged on capital work in progress

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment comprise the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Land	415,166	18,516,404	415,166	18,640,953
Building	3,094,138	137,998,555	3,094,138	138,926,796
Less: accumulated depreciation	(532,554)	(23,751,908)	(429,210)	(19,271,529)
Property and equipment, net	**2,976,750**	**132,763,050**	**3,080,094**	**138,296,221**

Depreciation expense for the year ended March 31, 2011 was $103,343 ₹ 4,707,274 (previous year $103,343 ₹ 4,909,826).

NOTE C - INCOME TAXES

For federal and state income tax purposes, the Company is treated as a disregarded entity. Accordingly, as a flow through entity, federal and state income taxes are not provided as the income or loss of the Company is included in the parent's corporate income tax return.

NOTE D - RELATED PARTY TRANSACTIONS

During the year, the Company had the following transactions with its parent company, Piramal Glass - USA Inc.

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Lease rental income during the year	257,960	11,750,078	257,960	12,255,680
Property taxes paid during the year	80,246	3,655,205	66,000	3,135,660
Receivable as at year end, net	938,444	41,854,602	760,729	34,156,732

NOTE E – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 16, 2011 which is the date the financial statements were issued.

KNAV P. A.
Certifited Public Accountants
3731 Lake Pass Lane
Suwanee, GA 30024

Mr. Niraj Tipre

Director & Chief Executive Officer

Directors' Report

The Directors of Piramal Glass Williamstown, LLC have pleasure in presenting their Report together with the Audited Accounts for the financial year ended March 31, 2011.

CURRENCY

All figures appearing in the accounts are in US Dollars and are denoted as "USD" or "$". Rupee equivalent of US $ in audited statements as at 31st March 2011 and as at 31st March 2010 have been done using closing rate of 1 US $ = 44.60 ₹ (B/S items) and 1 US $ = 45.55 ₹ (P&L items - 12 Months Avg.) and 1 US $ = 44.90 ₹ (B/S items) and 1 US $ = 47.51 ₹ (P&L items - 12 Months Avg.) as of respective dates.

FINANCIAL RESULTS

TURNOVER AND PROFIT / (LOSS)	Year ended 31 March 2011 USD	Year ended 31 March 2011 ₹ in Mio	Year ended 31 March 2010 USD	Year ended 31 March 2010 ₹ in Mio
Operating Income	184,664	8.41	184,664	8.77
Profit before Income Tax	38,494	1.75	39,428	1.87
Profit / (Loss) after Taxation	38,494	1.75	39,428	1.87

REVIEW OF OPERATIONS

Piramal Glass Williamstown, LLC is the wholly owned subsidiary of Piramal Glass - USA Inc. During the year, the Company has earned an income of USD 184,664 (₹ 8.41 mio) as against USD 184,664 (₹ 8.77 mio) in previous period from the lease of its land and building at Williamstown to its parent company. The profit after tax is USD 38,494 (₹ 1.75 mio) as against USD 39,428 (₹ 1.87 mio) in previous period.

CAPITAL EXPENDITURE AND INVESTMENTS

The Company did not incur any expenditure on Fixed Assets during the year nor there were any investments made by the Company during the year.

SHARE CAPITAL

Share Capital consists of 2,279,379 shares of USD 1 each issued to parent company, Piramal Glass - USA Inc.

DIVIDEND

No dividend has been declared for the year ended March 31, 2011.

POST BALANCE SHEET EVENTS

No events have taken place since the Balance Sheet date, which would require any adjustments or disclosures other than the above.

DIRECTORATE

The Directors of the Company are:

Mr. Vijay Shah — Mr. Niraj Tipre - Chief Executive Officer

Mr. Nitin Nohria — Mr. Sandeep Arora

DIRECTORS' SHAREHOLDING

None of the directors hold any stock in the Company.

DIRECTORS RESPONSIBILITIES

We hereby state:

(i) that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;

(ii) that the Directors have selected such accounting policies and applied them consistently and 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, 2011 and its profit for the year ended on that date;

(iii) that proper and sufficient care is being taken for the maintenance of adequate accounting records in accordance with the applicable laws so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and

(iv) that the Accounts have been prepared on a going concern basis.

AUDITORS

The Accounts have been audited by KNAV P. A., Certified Public Accountants, USA, who offer themselves for re-appointment.

By Order of the Board

Niraj Tipre

Director & Chief Executive Officer.

Date : April 16, 2011.

Report of Independent Accountants

To the Managing Member of

Piramal Glass Williamstown, LLC

We have audited the accompanying balance sheets of Piramal Glass Williamstown, LLC erstwhile GGI Williamstown, LLC ('the Company') as at March 31, 2011 and March 31, 2010 and the related statements of income, member's equity and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at March 31, 2011 and March 31, 2010 and the results of its operations, members equity and cash flow for the years then ended, in conformity with the accounting principles generally accepted in the United States of America.

Atlanta, Georgia
April 16, 2011

KNAV P. A.
Certified Public Accountants
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Suwanee, GA 300924, USA
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With offices in Atlanta, London and Mumbai

Balance Sheet as at March 31, 2011 and March 31, 2010

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
ASSETS				
Current assets				
Cash	500	22,300	500	22,450
Receivable from Piramal Glass - USA, Inc., net	272,984	12,175,086	154,162	6,921,874
Total current assets	**273,484**	**12,197,386**	**154,662**	**6,944,324**
Property and equipment, net	2,268,414	101,171,264	2,348,742	105,458,516
Total assets	**2,541,898**	**113,368,651**	**2,503,404**	**112,402,840**
MEMBER'S EQUITY				
Member's capital	2,279,379	103,027,931	2,279,379	103,027,931
Accumulated surplus	262,519	11,779,106	224,025	10,025,704
Exchange Gain/(Loss)		(1,438,386)		(650,796)
Total member's equity	**2,541,898**	**113,368,651**	**2,503,404**	**112,402,839**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US$ - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

KNAV P. A.
Certifited Public Accountants
3731 Lake Pass Lane
Suwanee, GA 30024

Mr. Niraj Tipre

Director & Chief Executive Officer

Statements of income for the period ended March 31, 2011 and March 31, 2010

Particulars	Year ended March 31, 2011 USD	Year ended March 31, 2011 ₹	Year ended March 31, 2010 USD	Year ended March 31, 2010 ₹
Revenues	184,664	8,411,445	184,664	8,773,387
Cost of revenues	80,328	3,658,940	80,328	3,816,383
Gross profit	**104,336**	**4,752,505**	**104,336**	**4,957,003**
Costs and expenses				
General and administrative	65,842	2,999,103	64,908	3,083,779
Total cost and expenses	**65,842**	**2,999,103**	**64,908**	**3,083,779**
Income before income tax	38,494	1,753,402	39,428	1,873,224
Provision for tax				
Current tax expense	-		-	
Net income	**38,494**	**1,753,402**	**39,428**	**1,873,224**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US$ - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

KNAV P. A. Mr. Niraj Tipre Director & Chief Executive Officer
Certified Public Accountants
3731 Lake Pass Lane
Suwanee, GA 30024

Statements of changes in member's equity for the year ended March 31, 2011 and March 31, 2010

Particulars	Member's equity USD	Accumulated surplus USD	Total member's equity USD	comprehensive income USD
Balance as at April 1, 2009	**2,279,379**	**184,597**	**2,463,976**	
Net income for the year		39,428	39,428	39,428
Balance as at March 31, 2010	**2,279,379**	**224,025**	**2,503,404**	
Balance as at April 1, 2010	**2,279,379**	**224,025**	**2,503,404**	
Net income for the year		38,494	38,494	38,494
Balance as at March 31, 2011	**2,279,379**	**262,519**	**2,541,898**	

(The accompanying notes are an integral part of these financial statements)

Particulars	Member's equity ₹	Accumulated surplus ₹	Total member's equity ₹	comprehensive income ₹
Balance as at April 1, 2009	**103,027,931**	**8,152,480**	**111,180,411**	
Net income for the year		1,873,224	1,873,224	1,873,224
Balance as at March 31, 2010	**103,027,931**	**10,025,704**	**113,053,635**	
Balance as at April 1, 2010	**103,027,931**	**10,025,704**	**113,053,635**	
Net income for the year		1,753,402	1,753,402	1,753,402
Balance as at March 31, 2011	**103,027,931**	**11,779,106**	**114,807,037**	

(The accompanying notes are an integral part of these financial statements)

Statement of Cash Flows for the year ended March 31, 2011 and March 31, 2010

	March 31, 2011 USD	March 31, 2011 ₹	March 31, 2010 USD	March 31, 2010 ₹
Cash flow from operating activities				
Net income	**38,494**	**1,753,402**	**39,428**	**1,873,224**
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation & amortization	80,328	3,658,940	80,328	3,816,383
Current tax expense	-	-	-	-
Changes in assets and liabilities				
Receivable from Piramal Glass-USA, Inc., net	(118,822)	(5,253,213)	(119,756)	(5,078,462)
Net cash provided by operating activities	**-**	**159,129**	**-**	**611,146**
Cash flow from investing activities				
Net cash provided by investing activities	-		-	
Cash flow from financing activities		-		
Net cash provided by financing activities	-		-	
Net increase/(decrease) in cash and cash equivalents		**159,129**	**-**	**611,146**
Cash Inflow/(Outflow) on account of Exchange Gain/(Loss)		**(159,279)**		**(614,056)**
Cash and cash equivalents at the beginning of the year	500	22,450	500	25,360
Cash and cash equivalents at the end of the year	**500**	**22,300**	**500**	**22,450**
Supplemental cash flow information				
Interest paid	Nil		Nil	
Income taxes paid	Nil		Nil	

(The accompanying notes are an integral part of these financial statements)

KNAV P. A.
Certified Public Accountants
3731 Lake Pass Lane
Suwanee, GA 30024

Mr. Niraj Tipre

Director & Chief Executive Officer

Notes to Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

1. Business description

Piramal Glass Williamstown LLC (the “Company”), a Delaware limited liability company was formed in October, 2005. The Company is a wholly owned subsidiary of Piramal Glass – USA Inc., also a Delaware company. The Company has acquired the land and building of the “The Glass Group, Inc” at Williamstown, New Jersey.

2. Basis of presentation

a. The financial statements are prepared as per the generally accepted accounting principles of United States. All amounts are stated in US dollars, except as otherwise specified.

b. The financial statements are for the years ended on March 31, 2011 and March 31, 2010.

c. Previous year's figures have been regrouped, reworked or reclassified wherever required.

3. Use of estimates

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include amounts for property and equipment and land and building valuation and deferred taxes.

4. Revenue recognition

The Company recognizes rental income from the lease of the property on a straight line basis over the term of the lease.

5. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the assets using the straight-line method. Expenditures for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related depreciation are eliminated from the financial records. Any gain or loss on disposition is credited or charged to income.

The estimated useful lives of assets are as follows:

Buildings 40 years

The cost of property and equipment not put to use are disclosed under "Capital work in progress." Depreciation has not been charged on capital work in progress.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment comprise the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Williamstown land	273,525	12,199,215	273,525	12,281,273
Williamstown building	2,404,991	107,262,599	2,404,991	107,984,096
Less: accumulated depreciation	(410,102)	(18,290,549)	(329,774)	(14,806,853)
Property and equipment, net	**2,268,414**	**101,171,264**	**2,348,742**	**105,458,516**

Depreciation expense for the year ended March 31, 2011 was $ 80,328 ₹ 3,658,940 (previous year $ 80,328 ₹ 3,816,383).

NOTE C – INCOME TAXES

For federal and state income tax purposes, the Company is treated as a disregarded entity. Accordingly, as a flow through entity, federal and state income taxes are not provided as the income or loss of the Company is included in the parent's corporate income tax return.

NOTE D – RELATED PARTY TRANSACTIONS

During the year, the Company had the following transactions with its parent company Piramal Glass – USA Inc:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Lease rental income during the year	184,664	8,411,445	184,664	8,773,387
Property taxes paid during the year	65,842	2,999,103	64,908	3,083,779
Receivable as at year end, net	272,984	12,175,086	154,162	6,921,874

NOTE E – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 16, 2011 which is the date the financial statements were issued.

KNAV P. A.
Certifited Public Accountants
3731 Lake Pass Lane
Suwanee, GA 30024

Mr. Niraj Tipre

Director & Chief Executive Officer

Report of Independent Accountants

Board of Directors

Piramal Glass-USA, Inc and Subsidiaries

We have audited the accompanying consolidated balance sheets of Piramal Glass-USA, Inc. and its Subsidiaries ('the Company') as at March 31st 2011 and March 31st 2010 and the related consolidated statements of income, stockholder's deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Piramal Glass-USA, Inc. and its Subsidiaries as at March 31st 2011 and March 31st 2010 and the consolidated results of its operations and cash flows for the years then ended, in conformity with the accounting principles generally accepted in the United States of America.

Atlanta, Georgia
April 16, 2011

KNAV P. A.
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W http://www.knavcpa.com
With offices in Atlanta, London and Mumbai

Consolidated Balance Sheet as at March 31, 2011 and March 31, 2010

	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
ASSETS				
Current assets				
Cash and cash equivalents	319,301	14,240,825	602,858	27,068,324
Accounts receivable, net of allowances	8,887,009	396,360,601	8,456,731	379,707,222
Inventories, including goods-in-transit	21,611,645	963,879,367	20,020,395	898,915,736
Prepaid expenses	530,729	23,670,513	622,146	27,934,355
Other current assets	443,707	19,789,332	720,992	32,372,541
Total current assets	**31,792,391**	**1,417,940,639**	**30,423,122**	**1,365,998,178**
Other non-current assets	1,707,911	76,172,831	1,453,084	65,243,472
Property, plant and equipment, net	10,368,869	462,451,557	12,961,183	581,957,117
Total assets	**43,869,171**	**1,956,565,027**	**44,837,389**	**2,013,198,766**
LIABILITIES AND STOCKHOLDER'S DEFICIT				
Current liabilities				
Accounts payable	7,073,365	315,472,079	6,822,186	306,316,151
Short term debt	25,000,000	1,115,000,000	20,000,000	898,000,000
Current portion of long term debt	15,726,030	701,380,938	14,725,888	661,192,371
Other current liabilities	4,871,332	217,261,407	4,529,615	203,379,714
Total current liabilities	**52,670,727**	**2,349,114,424**	**46,077,689**	**2,068,888,236**
Long term debt	19,906,612	887,834,895	29,937,641	1,344,200,081
Total liabilities	**72,577,339**	**3,236,949,319**	**76,015,330**	**3,413,088,317**
Stockholder's (deficit)				
Common stock	5,000,000	226,000,000	5,000,000	226,000,000
Accumulated other comprehensive (loss)	(32,709)	(1,458,821)	–	–
Accumulated (deficit)	(33,675,459)	(1,406,534,203)	(36,177,941)	(1,520,522,213)
Exchange Gain / Loss		(98,391,268)		(105,367,338)
Total stockholder's (deficit)	**(28,708,168)**	**(1,280,384,293)**	**(31,177,941)**	**(1,399,889,551)**
Total liabilities and stockholder's (deficit)	**43,869,171**	**1,956,565,027**	**44,837,389**	**2,013,198,766**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US# - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

KNAV P. A.	Mr. Vijay Shah	Director
Certifited Public Accountants	Mr. Nitin Nohria	Director
3731 Lake Pass Lane	Mr. Sandeep Arora	Director
Suwanee, GA 30024	Mr. Niraj Tipre	Director & Chief Executive Officer

Consolidated statements of income for the periods ended March 31, 2011 and March 31, 2010

	Year ended March 31, 2011 USD	Year ended March 31, 2011 ₹	Year ended March 31, 2010 USD	Year ended March 31, 2010 ₹
Revenues, net of allowances & rebates	81,247,797	3,700,837,153	73,869,417	3,509,536,002
Cost of revenues	(70,828,283)	(3,226,228,291)	(65,716,651)	(3,122,198,089)
Gross profit	**10,419,514**	**474,608,863**	**8,152,766**	**387,337,913**
Costs and expenses				
Selling, general and administrative	4,393,177	200,109,212	4,361,525	207,216,053
Depreciation	249,836	11,380,030	323,605	15,374,474
Interest	3,214,652	146,427,399	4,097,883	194,690,421
Total costs and expenses	**7,857,665**	**357,916,641**	**8,783,013**	**417,280,948**
Profit / (loss) before income tax	**2,561,849**	**116,692,222**	**(630,247)**	**(29,943,035)**
Provision for tax				
Current tax	59,368	2,704,212	27,833	1,322,346
Deferred tax	–	–	–	–
Net profit / (loss)	**2,502,481**	**113,988,010**	**(658,080)**	**(31,265,381)**

(The accompanying notes are an integral part of these financial statements)

Rupee equivalent of US$ in audited statement as at March 2011 and as at March 2010 has been done using closing rate of 1 US$ = 44.60 ₹ (B/S items) and 1 US$ - 45.55 ₹ (P & L items - 12 months avg.) and 1 US# - 44.90 ₹ (B/S items) and 1 US$ = 47.51 ₹ (P & L items - 12 months avg.) as of respective dates.

KNAV P. A.	Mr. Vijay Shah	Director
Certified Public Accountants	Mr. Nitin Nohria	Director
2082 Tallapoosa Dr	Mr. Sandeep Arora	Director
Duluth, GA 30097, USA	Mr. Niraj Tipre	Director & Chief Executive Officer

Consolidated Statement of stockholder's deficit for the year ended March 31, 2011 and March 31, 2010

Particulars	Common Stock				Accumulated (deficit)	Accumulated other comprehensive (loss)	Total stockholders (deficit)
	Authorized		Issued & Outstanding				
	Shares	USD	Shares	USD	USD	USD	USD
Balance as at April 1, 2009	500,000	5,000,000	500,000	5,000,000	(35,519,861)	–	(30,519,861)
Net (loss) for the year					(658,080)	–	(658,080)
Comprehensive (loss) for the year							**(658,080)**
Balance as at March 31, 2010	**500,000**	**5,000,000**	**500,000**	**5,000,000**	**(36,177,941)**	–	**(31,177,941)**
Balance as at April 1, 2010	**500,000**	**5,000,000**	**500,000**	**5,000,000**	**(36,177,941)**	–	**(31,177,941)**
Swap contract loss						(32,709)	(32,709)
Net profit for the year					2,502,481	–	2,502,481
Comprehensive income for the year							**2,469,772**
Balance as at March 31, 2011	**500,000**	**5,000,000**	**500,000**	**5,000,000**	**(33,675,460)**	**(32,709)**	**(28,708,169)**

(The accompanying notes are an integral part of these financial statements)

Particulars	Common Stock				Accumulated (deficit)	Accumulated other comprehensive (loss)	Total stockholders (deficit)
	Authorized		Issued & Outstanding				
	Shares	₹	Shares	₹	₹	₹	₹
Balance as at April 1, 2009	500,000	226,000,000	500,000	226,000,000	(1,489,256,832)	Nil	(1,263,256,832)
Net (loss) for the year					(31,265,381)		(31,265,381)
Comprehensive (loss) for the year							
Balance as at March 31, 2010	**500,000**	**226,000,000**	**500,000**	**226,000,000**	**(1,520,522,213)**	**Nil**	**(1,294,522,213)**
Balance as at April 1, 2010	**500,000**	**226,000,000**	**500,000**	**226,000,000**	**(1,520,522,213)**	**Nil**	**(1,294,522,213)**
Net profit for the year					113,988,010		113,988,010
Unrecognized swap loss						(1,458,821)	(1,458,821)
Comprehensive income for the year							**112,529,188**
Balance as at March 31, 2011	**500,000**	**226,000,000**	**500,000**	**226,000,000**	**(1,406,534,203)**	**(1,458,821)**	**(1,181,993,025)**

(The accompanying notes are an integral part of these financial statements)

KNAV P. A.	Mr. Vijay Shah	Director
Certifited Public Accountants	Mr. Nitin Nohria	Director
2082 Tallapoosa Dr	Mr. Sandeep Arora	Director
Duluth, GA 30097, USA	Mr. Niraj Tipre	Director & Chief Executive Officer

Consolidated statements of cash flow for the periods ended March 31, 2011 and March 31, 2010

	March 31, 2011 USD	March 31, 2011 ₹	March 31, 2010 USD	March 31, 2010 ₹
Cash flow from operating activities				
Net profit / (loss) after tax	**2,502,481**	**113,988,010**	**(658,080)**	**(31,265,381)**
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities				
Depreciation	2,908,074	129,700,100	2,662,642	119,552,626
Current tax expense	59,368	2,704,212	27,833	1,322,346
Changes in assets and liabilities				
Accounts receivable, net of allowances	(430,278)	(16,653,380)	(2,334,491)	(69,187,209)
Inventory, including goods-in-transit	(1,591,251)	1,862,795,103	3,482,731	293,162,765
Prepaid expenses and other current assets	113,875	5,917,692	(529,281)	(10,571,120)
Accounts payable	251,179	9,155,928	1,837,637	53,499,826
Other current liabilities	249,640	11,133,944	860,195	18,678,421
Net cash provided by operating activities	**4,063,088**	**2,118,741,609**	**5,349,186**	**375,192,273**
Cash flow from investing activities				
Purchase of fixed assets	(315,759)	(14,082,851)	(1,174,236)	(52,723,196)
Net cash (used in) investing activities	**(315,759)**	**(14,082,851)**	**(1,174,236)**	**(52,723,196)**
Cash flow from financing activities				
Short term debt				
– Receipts	5,000,000	223,000,000	20,000,000	898,000,000
– Repayments	–	–	(433,764)	(22,000,510)
Long term debt				
– Receipts	10,695,000	476,997,000	7,500,000	459,247,661
– Repayments	(19,725,888)	(879,774,605)	(32,225,688)	(1,973,276,244)
Net cash (used in) financing activities	**(4,030,888)**	**(179,777,605)**	**(5,159,452)**	**(638,029,094)**
Net (decrease) in cash and cash equivalents	(283,559)	1,924,881,152	(984,502)	(315,560,017)
Cash and cash equivalents at the beginning of the year	602,858	27,068,324	1,587,360	80,510,899
Cash Inflow/(Outflow) on account Exchange Difference	–	(1,937,708,652)	–	262,117,442
Cash and cash equivalents at the end of the year	**319,301**	**14,240,825**	**602,858**	**27,068,324**
Supplemental cash flow information				
Interest paid	2,666,931	121,478,707	4,500,774	213,831,773
Income taxes paid	84,443	3,846,379	17,024	808,810

(The accompanying notes are an integral part of these financial statements)

KNAV P. A.	Mr. Vijay Shah	Director
Certified Public Accountants	Mr. Nitin Nohria	Director
3731 Lake Pass Lane,	Mr. Sandeep Arora	Director
Suwanee, GA 30024	Mr. Niraj Tipre	Director & Chief Executive Officer

Notes to Consolidated Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements are as follows:

1. Business description

Piramal Glass-USA, Inc. ("the Company") erstwhile Gujarat Glass International, Inc was incorporated in Delaware on October 17, 2005. On October 25, 2005 ("the acquisition date"), the Company acquired specific assets and assumed specific liabilities associated with the Cosmetics Glass Products Division of "The Glass Group, Inc." The Company manufactures specialty molded glass containers for customers in the cosmetic, personal care, distribution and food and beverage industries among others.

In October, 2005, the Company formed two wholly-owned subsidiaries, GGI Williamstown, LLC and GGI Flat River, LLC. GGI Williamstown, LLC has acquired the land and building of The Glass Group, Inc. at Williamstown, New Jersey and GGI Flat River, LLC has acquired the land and building of The Glass Group, Inc. at Flat River, Missouri.

Piramal Glass USA, Inc. erstwhile Gujarat Glass International, Inc is a wholly owned subsidiary of Piramal Glass Limited ("PGL") erstwhile Gujarat Glass Limited ("GGL"), an India company, which manufactures glass packaging for the pharmaceutical and cosmetic industry.

The name of the Company has changed from "Gujarat Glass International Inc." to "Piramal Glass-USA, Inc." with effect from April 28, 2008. The change in name has been authorized by the board of directors in the board meeting held on April 8, 2008. The name of the subsidiaries has changed from "GGI Williamstown, LLC" to "Piramal Glass Williamstown, LLC" and of "GGI Flat River, LLC" to "Piramal Glass Flat River, LLC" with effect from October 27, 2008.

2. Financial statements

a) Basis of preparation

The accompanying consolidated financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the consolidated financial position, results of operation and cash flow.

All amounts are stated in US dollars, except as otherwise specified.

b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its two wholly owned subsidiaries – Piramal Glass Williamstown, LLC and Piramal Glass Flat River, LLC.

The consolidated financial statements of the Company and its Subsidiaries are for the years April 1, 2010 through March 31, 2011 and from April 1, 2009 through March 31, 2010. All material inter-company transactions and balances between the Company and its Subsidiaries have been eliminated. The Company and its Subsidiaries are collectively referred as the Group and these consolidated financial statements are referred to as the consolidated financial statements of the Group.

c) Estimates and assumptions

In preparing the Group's consolidated financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The important estimates made by the Group in preparing these consolidated financial statements include those on the useful life of property and equipment, the valuation of provisions for customer rebates and returns, inventory reserve and deferred taxes. Actual results could differ from those estimates.

d) Going concern issue

The consolidated financial statements of the Company have been prepared on the assumption that it remains a going concern. The management considers that the parent company will continue to provide financial support and honor the Company's obligations as they arise.

The management has reviewed the Company's budget and outline projections including working capital requirements. Following the review and at the time of approving these consolidated financial statements, the management considers that the Company has sufficient resources available from its parent company to continue operating for the foreseeable future. For these reasons the management continues to prepare the consolidated financial statements on a going concern basis.

e) Previous year's figures have been regrouped, reworked or reclassified wherever required.

3. Cash and cash equivalents

The Company considers all highly liquid investments and deposits with a remaining maturity of ninety days or less on the date of purchase to be cash and cash equivalents. Cash and cash equivalents comprise cash on hand and balance with banks.

4. Revenue recognition

The Company recognizes sales, net of estimated discounts and allowances when the title to the products and risk of loss are transferred to customers. Provisions for rebates to customers are provided in the same period that the sales are recorded.

5 Inventories

Inventories are valued at the lower of standard cost or market. The Company believes that the standard cost per product approximates the actual inventory cost. Goods-in-transit represents goods purchased from PGL but not received at warehouse as at year end.

6. Shipping and handling costs

The Company classifies shipping and handling costs as selling expenses.

7. Income taxes

The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of income in the period of change. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

8. Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the assets using the straight-line method. Expenditures for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related depreciation are eliminated from the financial records. Any gain or loss on disposition is credited or charged to income.

The estimated useful lives of assets are as follows:

Buildings	40 years
Plant and equipment	6 -3 years
Vehicles	2 years
Computer	3 years
Furniture and fixtures	3 years

The cost of property and equipment not put to use are disclosed under "Capital work in progress." Depreciation has not been charged on capital work in progress.

Property, plant and equipment to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value

9. Derivatives

The Company uses interest rate swap contracts as cash flow hedges to eliminate the cash flow exposure of interest rate movements on floating rate debt. The Company adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 815 to account for interest rate swap contracts from April 1, 2010. Upon application of the Statement, the Company records the swaps at their fair values on the balance sheet. The Company has recorded an unrecognized swap loss of $ 32,709 ₹ 1,458,821 as other comprehensive loss for the year ended March 31, 2011.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Bank balance	319,301	14,240,825	602,858	27,068,324
Total	**319,301**	**14,240,825**	**602,858**	**27,068,324**

Cash balances on deposit with bank are insured by the Federal Deposit Insurance Corporation up to $ 250,000 ₹ 11,150,000 (previous year $ 250,000 ₹ 11,225,000). There are no cash equivalents at March 31, 2011 and March 31, 2010.

NOTE C – ACCOUNTS RECEIVABLE

Accounts receivable as at March 31, 2011 represents due from customers of $ 9,967,534 ₹ 444,552,016 (previous year $ 9,543,636 ₹ 428,509,256), representing amounts receivable on product sales. The Company maintains an allowance for returns on all account receivable, based on present and prospective financial condition of the customer and ageing of accounts receivable after considering historical experience and the current economic environment. Accounts receivables are currently not secured. Also, there has been no factoring of accounts receivable.

The movement in allowance for returns, rebates and doubtful debts during the year was as follows:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Opening balance	1,086,905	48,475,963	870,271	39,075,168
Add : During the year provision	1,377,644	61,442,922	1,279,145	57,433,611
Less : During the year write off	(1,384,025)	(61,727,515)	(1,062,511)	(47,706,744)
Closing balance	**1,080,524**	**48,191,370**	**1,086,905**	**48,802,035**

NOTE D – INVENTORIES

Major classes of inventory are as follows

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Finished goods	17,419,703	776,918,754	16,089,352	722,411,905
Raw material	1,392,856	62,121,378	1,395,650	62,664,685
Packaging	784,591	34,992,759	765,906	34,389,179
Moulds	622,185	27,749,451	537,651	24,140,530
Goods-in-transit	1,392,310	62,097,026	1,231,837	55,309,481
Total	**21,611,645**	**963,879,367**	**20,020,396**	**898,915,780**

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment comprise the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Land	688,691	30,715,619	688,691	30,922,226
Building	5,499,129	245,261,153	5,499,129	246,910,892
Computer	984,636	43,914,766	984,636	44,210,156
Furniture and fixture	402,981	17,972,953	402,981	18,093,847
Plant and machinery	14,372,148	640,997,801	14,077,039	632,059,051
Vehicles	312,679	13,945,483	292,029	13,112,102
Less: Accumulated depreciation	(11,891,396)	(530,356,262)	(8,983,322)	(403,351,158)
Property, plant and equipment, net	**10,368,868**	**462,451,513**	**12,961,183**	**581,957,117**

Depreciation expense for the year ended March 31, 2011 was $ 2,908,074 ₹ 129,700,100 (previous year $ 2,662,642 ₹ 119,552,625).

NOTE F – SHORT TERM DEBT

Short term debt comprises of the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Loan from Bank of Baroda	25,000,000	1,115,000,000	20,000,000	898,000,000
Total	**25,000,000**	**1,115,000,000**	**20,000,000**	**898,000,000**

The Company has obtained working capital loan from Bank of Baroda, New York branch of $ 15,000,000 ₹ 669,000,000 for providing regular working capital. The loan is secured by Standby Letter of Credit issued by Central Bank of India, Mumbai. This Standby Letter of Credit is secured by counter guarantee of Piramal Glass Ltd and a pari passu first charge on entire fixed assets of Piramal Glass Ltd. The repayment of this working capital loan is in August 2011. The average interest rate on the working capital loan during the year ended March 31, 2011 was 3.07% per annum and the interest rate as at March 31, 2011 was 2.96% per annum.

The Company has also obtained working capital loan from Bank of Baroda, New York branch of $ 5,000,000 ₹ 223,000,000 for providing regular working capital. The loan is secured by Standby Letter of Credit issued by Central Bank of India, Mumbai. This Standby Letter of Credit is secured by counter guarantee of Piramal Glass Ltd and a pari passu first charge on entire fixed assets of Piramal Glass Ltd. The repayment of this working capital loan is in February 2012. The average interest rate on the working capital loan during the year ended March 31, 2011 was 2.20% per annum and the interest rate as at March 31, 2011 was 2.16% per annum.

The Company has further obtained working capital loan from Bank of Baroda, New York branch of $ 5,000,000 ₹ 223,000,000 for providing regular working capital. The loan is secured by Standby Letter of Credit issued by Bank of Baroda, Mumbai. This Standby Letter of Credit is secured by counter guarantee of Piramal Glass Limited and a pari passu first charge on fixed assets of Piramal Glass Limited. The repayment of this working capital loan is in June 2011. The average interest rate on the working capital loan during the year ended March 31, 2011 was 3.16% per annum and the interest rate as at March 31, 2011 was 2.96% per annum.

NOTE G – LONG TERM DEBT

The Company has taken long term loan from EXIM Bank of $ 30,000,000 ₹ 1338,000,000 carrying interest at LIBOR (simple average of 6 month USD LIBOR each day) +285 basis points per annum payable quarterly, and from AXIS Bank of $ 18,000,000 INR 802,800,000 carrying interest at LIBOR (simple average of 6 month USD LIBOR each day) +290 basis points per annum payable monthly and from AXIS Bank of $ 10,000,000 ₹ 446,000,000 carrying interest at LIBOR (simple average of 3 month USD LIBOR each day) +400 basis points per annum payable monthly, the guarantees for which have been provided by PGL.

The details of weighted average rate of interest and interest rate on balance sheet date is as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
EXIM Bank		
Loan amount USD 30 million		
Weighted average rate of interest	3.32%	4.23%
Interest rate as at March 31	3.35%	3.54%
Axis Bank		
Loan amount USD 8 million (#90202062004)		
Weighted average rate of interest	3.34%	4.32%
Interest rate as at March 31	3.38%	3.58%
Loan amount USD 10 million (#90202063520)		
Weighted average rate of interest	3.38%	4.19%
Interest rate as at March 31	3.47%	3.28%
Loan amount USD 10 million (#90202069393)		
Weighted average rate of interest	4.54%	5.16%
Interest rate as at March 31	4.30%	4.75%

Loan from Piramal Glass Limited

The Company, at the end of the year, had a long-term debt of $ 10,545,000 ₹ 470,307,000 (previous year $ 4,850,000 ₹ 217,765,000) from PGL. The loan from the parent company is repayable in 2012-2013. PGL charges interest on this loan at a rate based on its average borrowing costs. The weighted average interest rate, for the year ended March 31, 2011, on this debt, was 9.76% (previous year, 11.75%) per annum. The interest rate at the end of the year i.e. on March 31, 2011 was 11.0% (previous year, 9.6%) per annum.

The non-current portion of long term loans comprises of the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Loan from EXIM Bank	3,529,412	157,411,775	10,588,235	475,411,752
Loan from parent company PGL	10,545,000	470,307,000	4,850,000	217,765,000
Loan from AXIS Bank	5,832,200	260,116,120	14,499,406	651,023,329
Total	**19,906,612**	**887,834,895**	**29,937,641**	**1,344,200,081**

The current portion of long term loans comprises of the following:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Loan from EXIM Bank	7,058,824	314,823,550	7,058,824	316,941,198
Loan from AXIS Bank	8,667,206	386,557,388	7,667,064	344,251,174
Total	**15,726,030**	**701,380,938**	**14,725,888**	**661,192,371**

Future loan repayment schedule is as follows:

Particulars	EXIM Bank USD	EXIM Bank ₹	AXIS Bank USD	AXIS Bank ₹	PGL USD	PGL ₹
2012	7,058,824	314,823,550	8,667,206	386,557,388	–	–
2013	3,529,412	157,411,775	4,166,200	185,812,520	10,545,000	470,307,000
2014	–	–	1,666,000	74,303,600	–	–

NOTE H – INCOME TAXES

The provision for income tax expense is as follows

Particulars	Period ended March 31, 2011 USD	Period ended March 31, 2011 ₹	Period ended March 31, 2010 USD	Period ended March 31, 2010 ₹
State				
Current	59,368	2,704,212	27,833	1,322,346
Deferred	–	–	–	–
Federal				
Current	–	–	–	–
Deferred	–	–	–	–
Total	**59,368**	**2,704,212**	**27,833**	**1,322,346**

The following is the summary of items giving rise to deferred tax liabilities:

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Current deferred tax asset				
Accounts receivable	414,982	18,508,197	438,105	19,670,915
Inventory	721,356	32,172,478	701,545	31,499,371
Accrued expenses and provisions	747,949	33,358,525	1,361,306	61,122,639
Interest disallowance	1,126,767	50,253,808	1,517,076	68,116,712
Current deferred tax asset	3,011,054	134,293,008	4,018,032	180,409,637
Less: valuation allowance	(3,011,054)	(134,293,008)	(4,018,032)	(180,409,637)
Current deferred tax asset, net	–	–	–	–
Non current deferred tax asset				
Net operating losses	9,090,873	405,452,936	9,199,417	413,053,823
Property, plant and equipment	157,933	7,043,812	555,436	24,939,076
Noncurrent deferred tax asset	9,248,806	412,496,748	9,754,853	437,992,900
Less: valuation allowance	(9,248,806)	(412,496,748)	(9,754,853)	(437,992,900)
Non current deferred tax asset, net	–	–	–	–
Total	**Nil**	**Nil**	**Nil**	**Nil**

As a result of the recent operating losses and the uncertainty of future business conditions, generally accepted accounting principles require that the Company establish a tax valuation allowance after assessing the realization value of its deferred tax assets. The Company has established an allowance of $ 12,259,861 (previous year $ 13,772,883) as at March 31, 2011. In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. At March 31, 2011, the Company had federal net operating loss carry forward of approximately $ 23,694,769 (previous year $ 25,573,958 expiring over 2025 and 2029) expiring over 2025 and 2029 and state net operating loss of $ 21,228,929 (previous year $ 23,074,845 expiring over 2025 and 2029) expiring over 2025 and 2029.

FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - An interpretation of FASB ASC 740 ("FIN 48"), became applicable for all nonpublic companies for fiscal years beginning after December 15, 2008. Effective April 1, 2009, the Company adopted the provisions of FIN 48. FIN 48 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements in accordance with ASC 740. Tax positions must meet a "more-likely-than-not" recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent periods. As at the effective date and during the year ended March 31, 2011, the Company recognized no uncertain tax positions.

NOTE I - COMMITMENTS AND CONTINGENCIES

a) **Operating lease**

The Company has a warehousing facility located on leased premises in Mays Landing, NJ. The Company has leased office machines, motor vehicles, warehouse and forklifts under non-cancelable operating leases. Rental expense for the year ended March 31, 2011 was $ 852,140 ₹ 38,814,977 (previous year $ 1,039,738 ₹ 49,397,952).

At March 31, 2011, future rental commitments for the non cancelable leases are as follows:

Year	Rental Commitments USD	Rental Commitments ₹
2012	540,541	24,621,643
2013	354,985	16,169,567
2014	12,696	578,303
Total	**908,222**	**41,369,512**

b) **Employment contracts**

The Company has employment agreements with key executive officers. These agreements provide for base salaries, perquisites and fringe benefits as approved by the Board of Directors.

c) **Environmental issues**

The Company is subject to various federal, state and local environmental laws and regulations, including those regulating the discharge storage, handling and disposal of a variety of substances. These laws and regulations include, among others, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Air Act, the Resource Conservation and Recovery Act and the Toxic Substances Control Act. These environmental regulatory programs are primarily administered by the U.S. Environmental Protection Agency.

The Company does not believe that future compliance with these environmental laws and regulations will have a material adverse effect on its results of operations, financial condition or cash flows. However, environmental laws and regulations are becoming increasingly stringent. Consequently, the Company's compliance and remediation costs could be material. In addition, the Company cannot currently assess with certainty the impact that the future emission standards and enforcement practices under the 1990 amendments to the Clean Air Act will have on its operations or capital expenditure requirements. However, the Company believes that any such impact or capital expenditures will not have a material adverse effect on its results of operations, financial condition or cash flows.

NOTE J - RELATED PARTY TRANSACTIONS

The Company had the following transactions with its parent, Piramal Glass Limited ("PGL")

Particulars	As at March 31, 2011 USD	As at March 31, 2011 ₹	As at March 31, 2010 USD	As at March 31, 2010 ₹
Transaction during the year				
Reimbursement of expenses paid to PGL	418,751	19,074,108	906,289	43,057,790
Reimbursement of expenses received from PGL	4,500	204,975	–	–
Interest accrued on loan	400,592	18,246,966	1,218,362	57,884,379
Purchases, including goods-in-transit	13,369,279	608,970,658	8,745,138	415,481,506
Sales	–	–	9,000	427,590
Term loan received from PGL	10,695,000	476,997,000	7,500,000	336,750,000
Term loan repaid to PGL	5,000,000	223,000,000	20,000,000	898,000,000
Balance at year end				
Outstanding long term loan	10,545,000	470,307,000	4,850,000	217,765,000
Payable for other expenses	662,569	29,550,577	496,245	22,281,401
Payable for interest	210,159	9,373,091	260,136	11,680,106
Trade payables	5,017,030	223,759,538	5,146,307	231,069,184

The weighted average interest rate, for the year ended March 31, 2011, on the long term loan from PGL, was 9.76% (previous year, 11.75%) per annum. The interest rate at the end of the year i.e. on March 31, 2011 was 11.0% (previous year, 9.6%) per annum.

NOTE K - RETIREMENT PLANS

The Company has two defined contribution plans, a plan for salaried employees and a plan for eligible union employees, to which it contributes 3.5% of employees' compensation. The contributions for the year ended March 31, 2011 was $ 678,387 ₹ 30,900,528 (previous year $ 652,458 ₹ 30,998,280). At March 31, 2011, accrued pension – hourly includes $ 8,201 (previous year $ 8,007), and accrued pension – salaries includes $ 13,907 (previous year $ 10,184), due under these plans.

The Company also contributes to two 401(k) plans for salaried and eligible union personnel. The contributions for the year ended March 31, 2011 was $ 110,944 (previous year $ 104,655). At March 31, 2011, 401(k) savings – employer includes $ 30,798 (previous year $ 28,691) due under these plans.

NOTE L - SHIPPING AND HANDLING COSTS

The amount of shipping and handling costs for the year ended March 31, 2011 was $ 1,321,772 ₹ 60,206,714 (previous year $ 1,248,393 ₹ 59,311,151).

NOTE M - RISKS AND UNCERTAINTIES

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to: deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in sales; insufficient, excess or obsolete inventory; competitive factors, including but not limited to pricing pressures; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE N - CONCENTRATION RISK

The Company's principal market is in North America. Company's five largest customers accounted for approximately 29.54% (previous year 32.17%) of total sales and 32.87% (previous year 30.31%) of accounts receivables. No single customer accounted for more than 10% of the accounts receivable and total sales as at March 31, 2011.

The Company buys certain raw materials from a limited number of suppliers. Management believes that other suppliers could provide these materials on comparable terms. 72.69% (previous year 72.31%) of total labor is subject to collective bargain agreement.

NOTE O - STOCKHOLDER'S DEFICIT

Common stock issued

The authorized share capital of the Company is $ 5,000,000 ₹ 226,000,000 (previous year $ 5,000,000 ₹ 226,000,000) comprising of 500,000 (previous year 500,000) shares of $ 10 (previous year $ 10) each and the issued capital is $ 5,000,000 (previous year $ 5,000,000) comprising of 500,000 (previous year 500,000) shares of $ 10 (previous year $ 10) each.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE P - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 16, 2011 which is the date the consolidated financial statements were issued.

KNAV P. A.	Mr. Vijay Shah	Director
Certifited Public Accountants	Mr. Nitin Nohria	Director
2082 Tallapoosa Dr	Mr. Sandeep Arora	Director
Duluth, GA 30097, USA	Mr. Niraj Tipre	Director & Chief Executive Officer

Directors' Report

The directors present their report and the financial statements of the company for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of wholesaling glass bottles.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

During the year ended March 2011, the business has improved with the turnover increasing by 85% and both the gross and operating margins have improved. Management is satisfied with growth in business. The company has added new customers during the year as well as expanded its geographical reach; both on its own strength and via its overseas holding company. The company anticipates to maintain its gross profit margins and continue improving its operating profits and cash flows. In addition, the ultimate parent undertaking has confirmed to provide their ongoing support for meeting any shortfalls in the working capital and assist with any cash requirements of the business, during this period of growth.

RESULTS AND DIVIDENDS

The profit for the year amounted to £65,388 ₹ 3,286,953 The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies

The directors make use of the parent company's risk management team to monitor and where possible mitigate the risks faced by the business. This includes credit risk, foreign exchange risk and interest rate risks.

DIRECTORS

The directors who served the company during the year were as follows:

Mr. Vijay Shah
Mr. Sandeep Arora

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Kajaine Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:

1st Floor, Alpine House Unit 2
Honeypot Lane
London, NW9 9RX

Signed by order of the directors

Mr Sandeep Arora
Company Secretary

Approved by the directors on 22nd April 2011

Independent Auditor's Report to the Members of Piramal Glass (UK) Limited

YEAR ENDED 31 MARCH 2011

We have audited the financial statements of Piramal Glass (UK) Limited for the year ended 31 March 2011. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

EMPHASIS OF MATTER - GOING CONCERN

The company incurred a net profit of £65,388 for the year ended 31 March 2011 and, at that date the company's total liabilities exceeds its total net assets by £618,138. The financial statements have been prepared on a going concern basis which assumes adequate financial support will be made available by the company's parent undertaking for a period of not less than 12 months from the date of signing of the financial statements in order for it to meet it's obligations as they fall due (see note 1). The financial statements do not include any adjustments that would result if the company's parent undertaking did not support the company as indicated and consequently the company was unable to continue as a going concern. Our opinion is not qualified in this respect.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Amanjit Singh
(Senior Statutory Auditor)

For and on behalf of
Kajaine Limited
Chartered Accountants & Statutory Auditor

1st Floor, Alpine House Unit 2
Honeypot Lane,
London, NW9 9RX

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2011 and 31 March 2010

	Note	Year Ended March 2011 GBP	Year Ended March 2011 ₹	Year Ended March 2010 GBP	Year Ended March 2010 ₹
TURNOVER	2	635,454	44,894,825	345,373	26,175,820
Cost of sales		500,739	35,377,210	302,518	22,927,839
GROSS PROFIT		**134,715**	**9,517,615**	**42,855**	**3,247,980**
Administrative expenses		69,362	4,900,425	119,710	9,072,821
EXCHANGE Gain /Loss			1,332,709		
OPERATING PROFIT/(LOSS)	3	**65,353**	**3,284,480**	**(76,855)**	**(5,824,840)**
Interest receivable		35	2,473	236	17,886
Interest payable and similar charges	4	–	–	(1)	(76)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		65,388	3,286,953	(76,620)	(5,807,030)
Tax on profit/(loss) on ordinary activities		-	-	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**65,388**	**3,286,953**	**(76,620)**	**(5,807,030)**
Balance brought forward		**(833,526)**	**(66,988,880)**	**(756,906)**	**(60,244,227)**
Balance carried forward		**(768,138)**	**(63,701,927)**	**(833,526)**	**(66,988,880)**

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Rupee Equivalent to GBP in audited Profit & Loss Account as at March 31, 2011 has been done using average rate of 1 GBP = 70.65 INR

KAJAINE LIMITED
Chartered Accountants
& Registered Auditors

Vijay Shah — Director
Sandeep Arora — Director & Company Secretary

BALANCE SHEET

As at 31 MARCH 2011 and 31 March 2010

	Note	31 March 2011 GBP	31 March 2011 ₹	31 March 2010 GBP	31 March 2010 ₹
FIXED ASSETS					
Tangible assets	5	–	–	73	4,968
CURRENT ASSETS					
Stocks	6	218,225	15,642,368	259,261	17,645,304
Debtors	7	136,282	9,768,694	37,990	2,585,599
Cash at bank		179,623	12,875,377	93,562	6,367,830
		534,130	38,286,438	390,813	26,598,733
CREDITORS: Amounts falling due within one year	8	439,225	31,483,648	382,508	26,033,494
NET CURRENT ASSETS		94,905	6,802,790	8,305	565,238
TOTAL ASSETS LESS CURRENT LIABILITIES		94,905	6,802,790	8,378	570,207
CREDITORS: Amounts falling due after more than one year	9	713,043	51,110,922	691,904	47,090,986
		(618,138)	**(44,308,132)**	**(683,526)**	**(46,520,780)**
CAPITAL AND RESERVES					
Called-up equity share capital	11	150,000	11,594,000	150,000	11,594,000
Profit and loss account		(768,138)	(63,701,927)	(833,526)	(66,988,880)
Foreign Exchange Reserve			7,799,795		8,874,100
DEFICIT		**(618,138)**	**(44,308,132)**	**(683,526)**	**(46,520,780)**

These financial statements were approved by the directors and authorised for issue on 15 April 2011, and are signed on their behalf by:

*Rupee equivalent of GBP in audited statement as at March 31, 2011 and as at March 31, 2010 has been done using closing rate of 1 GBP = 71.68 ₹ (B/S items) and 1 GBP = 70.65 ₹ (P & L Items - 12 months avg.) and 1 GBP - 68.06 ₹ (B/S items) and 1 GBP = 75.79 ₹ (P & L items - 12 months avg.) as of respective dates.

KAJAINE LIMITED Chartered Accountants & Registered Auditors	Vijay Shah Sandeep Arora	Director Director & Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. **ACCOUNTING POLICIES**

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Fundamental accounting concept

The company is dependent on continuing finance being made available by its parent company to enable it to continue operating and to meet its debts as they fall due. The parent company has agreed to provide sufficient funds for these purposes. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Furniture & Fixtures - 10% Straight line basis

Office Equipment - 33.33% Straight line basis

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Year Ended 1 Apr 10 to 31 Mar 11 GBP	Year Ended 1 Apr 10 to 31 Mar 11 ₹	Year Ended 1 Apr 09 to 31 Mar 10 GBP	Year Ended 1 Apr 09 to 31 Mar 10 ₹
United Kingdom	284,044	20,067,709	345,373	26,175,820
Rest of Europe	351,410	4,827,117	–	–
	635,454	**44,894,825**	**345,373**	**26,175,820**

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	Year Ended 1 Apr 10 to 31 Mar 11 GBP	Year Ended 1 Apr 10 to 31 Mar 11 ₹	Year Ended 1 Apr 09 to 31 Mar 10 GBP	Year Ended 1 Apr 09 to 31 Mar 10 ₹
Directors' remuneration	–		–	
Depreciation of owned fixed assets	73	5,157	551	41,760
Loss on disposal of fixed assets	–	–	1,827	138,468
Auditor's remuneration				
– as auditor	6,097	430,753	3,000	227,370
Net loss on foreign currency translation	2,003	141,512	–	–

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 1 Apr 10 to 31 Mar 11 GBP	Year Ended 1 Apr 10 to 31 Mar 11 ₹	Year Ended 1 Apr 09 to 31 Mar 10 GBP	Year Ended 1 Apr 09 to 31 Mar 10 ₹
Other similar charges payable	–	–	(1.00)	(75.79)
	–	–	**(1.00)**	**(75.79)**

5. TANGIBLE FIXED ASSETS

	Office Equipment GBP	Office Equipment ₹
COST		
At 1 April 2010 and 31 March 2011	**5,304**	**380,191**
DEPRECIATION		
At 1 April 2010	5,231	374,958
Charge for the year	73	5232.64
At 31 March 2011	**5,304**	**380,191**
NET BOOK VALUE		
At 31 March 2011	–	–
At 31 March 2010	73	5232.64

6. STOCKS

	31 March 2011 GBP	31 March 2011 ₹	31 March 2010 GBP	31 March 2010 ₹
Finished goods	218,225	15,642,368	259,261	17,645,304

7. DEBTORS

Particulers	31 March 2011 GBP	31 March 2011 ₹	31 March 2010 GBP	31 March 2010 ₹
Trade debtors	112,857	8,089,590	35,183	2,394,555
VAT recoverable	20,630	1,478,758	–	–
Prepayments and accrued income	2,795	200,346	2,697	183,558
Payments made on account	–	–	110	7,487
	136,282	**9,768,694**	**37,990**	**2,585,599**

8. CREDITORS: Amounts falling due within one year

	31 March 2011 GBP	31 March 2011 ₹	31 March 2010 GBP	31 March 2010 ₹
Payments received on account	–	–	30,407	2,069,500
Trade creditors	35,538	2,547,364	23,178	1,577,495
Amounts owed to ultimate parent undertaking	383,611	27,497,236	305,411	20,786,273
Other creditors including taxation				
VAT	–	–	3,788	257,811
Other creditors	13,184	945,029	13,184	897,303
Accruals and deferred income	6,892	494,019	6,540	445,112
	439,225	**31,483,648**	**382,508**	**26,033,494**

9. CREDITORS: Amounts falling due after more than one year

	31 March 2011 GBP	31 March 2011 ₹	31 March 2010 GBP	31 March 2010 ₹
Loan from ultimate parent undertakings	713,043	51,110,922	691,904	47,090,986

The above loan is unsecured and provided interest free and has no fixed repayment date.

10. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by Financial Reporting Standard No 8 “Related party disclosures”, not to disclose any transactions with group companies on the basis that its ultimate parent company prepares consolidated financial statements which are publicly available.

11. SHARE CAPITAL

Authorised share capital:

	31 March 2011 GBP	31 March 2011 ₹	31 March 2010 GBP	31 March 2010 ₹
5,000,000 Ordinary shares of £1 each	5,000,000	386,750,000	5,000,000	386,750,000

Allotted, called up and fully paid:

	31 March 2011 No.	31 March 2011 GBP	31 March 2010 No.	31 March 2010 GBP
150,000 Ordinary shares of £1 each	150,000	150,000	150,000	150,000

Allotted, called up and fully paid:

	31 March 2011 No.	31 March 2011 ₹	31 March 2010 No.	31 March 2010 ₹
150,000 Ordinary shares of £1 each	150,000	11,594,000	150,000	11,594,000

12. ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking and controlling party is Piramal Glass Limited, a company registered in India.

A copy of the group financial statements prepared by Piramal Glass Limited can be obtained from:

Piramal Tower, Ganapatrao Kadam Marg, Lower Parel, Mumbai - 400013, INDIA

KAJAINE LIMITED
Chartered Accountants
& Registered Auditors

Vijay Shah — Director
Sandeep Arora — Director & Company Secretary

Directors' Report

The Director of Piramal Glass Europe SARL have pleasure in presenting their first Report together with the Audited Accounts for the financial year ended March 31, 2011.

PRINCIPAL ACTIVITY

Piramal Glass Europe SARL is primarily engaged in marketing of glass products for Piramal Glass Ltd. in European region.

CURRENCY

All figures appearing in the accounts are in Euro and are denoted as "EUR" Rupee equivalent of Euro in audited statements as at 31st March 2011 have been done using closing rate of 1 Euro = 63.42 ₹ (B/S items) and 1 Euro = 60.23 ₹ (P&L items - 12 Months Avg.)

FINANCIAL RESULTS

TURNOVER AND PROFIT / (LOSS)	Year ended 31 March 2011 EUR	Year ended 31 March 2011 ₹ in Mio
Operating Income	2,489,758	149.96
Profit before Income Tax	26,446	1.59
Profit / (Loss) after Taxation	15,560	0.94

REVIEW OF OPERATIONS

Piramal Glass Europe SARL, a wholly owned subsidiary of Piramal Glass Limited, situated in France,commenced its business operation in April 2010. The company was formed with a view to provide better services to the customers in the European region and to expand the footprint of Piramal Glass Limited in the European market.

During the year, the Company has earned an income of Euro 2,489,758 (₹ 149.96 mio) and the profit after tax is Euro 15,560 (₹ 0.94 Mio)

CAPITAL EXPENDITURE AND INVESTMENTS

The Company did not incure any expenditure on Fixed Assets during the year nor there were any investments made by the Company during the year.

SHARE CAPITAL

Share Capital consists of 50,000 shares of Euro 1 each issued to parent company Piramal Glass Limited.

DIVIDEND

No dividend has been declared for the year ended March 31, 2011.

POST BALANCE SHEET EVENTS

No events have taken place since the Balance Sheet date, which would require any adjustments or disclosures other than the above.

DIRECTORATE

The Directors of the Company are:

Mr. Sandeep Arora   Director

DIRECTORS' SHAREHOLDING

None of the directors hold any stock in the Company.

DIRECTORS RESPONSIBILITIES

We hereby state:

(i) that in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures, if any;

(ii) that the Directors have selected such accounting policies and applied them consistently and 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, 2011 and its profit for the year ended on that date;

(iii) that proper and sufficient care is being taken for the maintenance of adequate accounting records in accordance with the applicable laws so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and

(iv) that the Accounts have been prepared on a going concern basis.

AUDITORS

The Accounts have been audited by KNAV P. A., Certified Public Accountants, who offer themselves for re-appointment.

By Order of the Board

Sandeep Arora

Director

Date : April 22, 2011.

Report of Independent Accountants

Shareholders of

Piramal Glass Europe SARL

We have audited the attached balance sheet of Piramal Glass Europe SARL ("the Company") as at March 31,2011 and the profit and loss account and the cash flow statement for the year April 1. 2010 to March 31, 2011 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance 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.

In our opinion and to the best of our information and according to the explanations given to us, the Companies (Auditor's Report) Order. 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act_ 1956 ("the Act") is not applicable to the Company for the period under review, it being a foreign company having no place of business established within India as defined under Section 591 (l) (a) of the Act:

Further to our comments on non-applicability of CARO. we report that:

i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:

ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

iii) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account:

iv) in our opinion and to the best o four information and according to the explanations given to us, the balance sheet and profit and loss account dealt with by the report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act. 1956;

v) in our opinion, the provisions of clause (g) of sub-section (1) of` section 274 of the Companies Act, 1956 are not applicable

vi) in our opinion and to the best of four information and according to the explanations given to us, the said accounts read together with the notes and significant accounting policies thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of

   a) the balance sheet of the Company's state of affairs as at March 31, 2011;

   b) the profit and loss account. of the profit for the year ended on that date; and

   c) the cash flow statement, of the cash flows for the year ended on that date.

Atlanta, Georgia
April 22, 2011

KNAV P. A.
Certified Public Accountants
3731 Lake Pass Lane
Suwanee, GA 300924, USA
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F + 1 678 765 2377
E admin@knavcpa.com
W http://www.knavcpa.com
With offices in Atlanta, London and Mumbai

Balance Sheet as at March 31, 2011

	Schedule	As at March 31, 2011 EUR	As at March 31, 2011 ₹
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	50,000	3,130,000
Reserves and surplus	2	15,560	937,200
Exchange Reserve			90,615
TOTAL		**65,560**	**4,157,815**
APPLICATION OF FUNDS			
Current assets, loans and advances			
Inventories	3	1,231,804	78,121,010
Sundry debtors	4	1,343,481	85,203,565
Cash and bank balances	5	91,509	5,803,501
Loans and advances	6	88,287	5,599,162
		2,755,081	174,727,237
Less: Current liabilities and provisions			
Current liabilities	7	2,665,537	169,048,357
Provisions	8	23,984	1,521,065
		2,689,521	170,569,422
Net current assets		**65,560**	**4,157,815**
TOTAL		**65,560**	**4,157,815**

(The accompanying notes from an integral part of these financial statements)

Rupee equivalent of EUR in audited statement as at March 2011 has been done using closing rate of 1 EUR = 63.42 ₹ (B/S items) and 1 EUR - 60.23 ₹ (P & L items - 12 months avg.)

KNAV P. A. Mr. Sandeep Arora Director

Certifited Public Accountants
Atlanta, Georgia

Profit & loss account for the period ended March 31, 2011

	Schedule	Year ended March 31, 2011 EUR	Year ended March 31, 2011 ₹
INCOME			
Sales		2,489,758	149,958,124
		2,489,758	**149,958,124**
EXPENDITURE			
Materials	**9**	2,716,299	163,602,689
Staff cost	**10**	31,997	1,927,160
Other expenses	**11**	264,272	15,917,101
Increase in WIP/ finished goods	**12**	(549,256)	(33,081,689)
		2,463,312	**148,365,261**
Profit before tax		26,446	1,592,864
Taxes			
Current		10,886	655,664
Deferred		–	–
Profit after tax		**15,560**	**937,200**
Balance carried to balance sheet		**15,560**	**937,200**
Earnings per share			
Equity share			
– Basic		3.11	
– Diluted		3.11	
Number of equity shares			
– Basic		5,000	
– Diluted		5,000	

(The accompanying notes form an integral part of this profit & loss account)

Rupee equivalent of EUR in audited statement as at March 2011 has been done using closing rate of 1 EUR = 63.42 ₹ (B/S items) and 1 EUR - 60.23 ₹ (P & L items - 12 months avg.)

KNAV P. A. Mr. Sandeep Arora Director

Certified Public Accountants
Atlanta, Georgia

Statements of cash flow for the year ended March 31, 2011

	Year ended March 31, 2011 EUR	Year ended March 31, 2011 ₹
Cash flow from operating activities		
Profit after tax	**15,560**	**937,200**
Adjustments to reconcile net income to net cash provided by / (used in) operating activities		
Current tax	10,886	655,664
Changes in assets and liabilities		
Accounts receivable, net of allowances	(1,343,481)	(85,203,565)
Inventories	(1,231,804)	(78,121,010)
Loans and Advances	(88,287)	(5,599,162)
Accounts payable	2,665,537	(169,048,357)
Other current liabilities	13,098	865,402
Net cash provided by operating activities	**41,509**	**(335,513,828)**
Cash flow from investing activities		
Net cash from investing activities	–	–
Cash flow from financing activities		
Proceeds from issuance of share capital	50,000	3,130,000
Net cash provided by financing activities	**50,000**	**3,130,000**
Net increase in cash and cash equivalents	91,509	(332,383,828)
Cash and cash equivalents at the beginning of the period	–	–
Cash and cash equivalents at the end of the period	**91,509**	**(332,383,828)**

The above Cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard- 3 issued by Institute of Chartered Accountants of India

Rupee equivalent of EUR in audited statement as at March 2011 has been done using closing rate of 1 EUR = 63.42 ₹ (B/S items) and 1 EUR - 60.23 ₹ (P & L items - 12 months avg.)

KNAV P. A. Mr. Sandeep Arora Director

Certifited Public Accountants
Atlanta, Georgia

Schedules forming part of the Balance Sheet as at March 31, 2011

		As at March 31, 2011 EUR	As at March 31, 2011 ₹
1	**Share capital**		
	Authorised capital		
	Equity share capital		
	5000 equity shares of Euro 10 par value	50,000	3,130,000
	Total	**50,000**	**3,130,000**
	Issued, subscribed and paid up		
	5000 equity shares of Euro 10 each fully paid up	50,000	3,130,000
	(100% Shares are held by the parent company Piramal Glass Limited)		
	Total	**50,000**	**3,130,000**
2	**Reserves and surplus**		
	As per annexed profit and loss account	15,560	937,200
	Total	**15,560**	**937,200**
3	**Inventories (as valued and certified by the management)**		
	Finished goods	549,256	34,833,816
	Goods in transit	682,548	43,287,194
	Total	**1,231,804**	**78,121,010**
4	**Sundry debtors**		
	i. Less than six months		
	Unsecured – Considered good	1,343,481	85,203,565
	– Considered doubtful	–	–
	Less: Provision for bad debts	–	–
		1,343,481	**85,203,565**
	ii. Others more than six months		
	Unsecured – Considered good	–	–
	Total	**1,343,481**	**85,203,565**
5	**Cash and bank balances**		
	Balance with BNP Paribas Bank USD	13,567	860,419
	Balance with BNP Paribas Bank EUR	77,942	4,943,082
	Total	**91,509**	**5,803,501**
6	**Loans & advances**		
	(Unsecured and considered good)		
	Advances recoverable in cash or in kind or for value to be received		
	- From others	16,000	1,014,720
	Prepaid expenses	944	59,868
	Other deposits	71,343	4,524,573
	Total	**88,287**	**5,599,162**
7	**Current liabilities**		
	Trade creditors (includes outstanding charges invoices)	1,754,502	111,270,517
	Other creditors	911,035	57,777,840
	Accrued expenses	–	–
	Total	**2,665,537**	**169,048,357**
8	**Provisions**		
	Provision for employees retirement benefits	6,755	428,402
	Provision for expenses	172	10,908
	Provision for taxes	17,057	1,081,755
	Total	**23,984**	**1,521,065**

Schedules forming part of the Profit and Loss Account for year ended March 31, 2011

		Year Ended March 31, 2011 EUR	Year Ended March 31, 2011 ₹
9	**Materials**		
	Cost of goods	2,465,665	148,506,986
	Subcontracting charges	67,149	4,044,402
	Customs duty	25,701	1,547,971
	Carriage inwards	157,784	9,503,311
	Total	**2,716,299**	**163,602,689**
10	**Staff cost**		
	Wages	20,568	1,238,781
	Paid leaves' variation	1,933	116,425
	Social security charges	6,362	383,182
	Pension	1,172	70,613
	Unemployment expenses	905	54,506
	Welfare costs on paid leaves' variation	783	47,160
	Occupational medicine	135	8,158
	Other personnel expenses	138	8,336
	Total	**31,997**	**1,927,160**
11	**Other expenses**		
	Samples	1,021	61,485
	Office rent	7,018	422,681
	Storage charges	31,342	1,887,719
	Rates & Insurance	728	43,856
	Professional fees	38,168	2,298,853
	Exchange loss	651	39,221
	Transports costs	72,342	4,357,176
	Travelling expenses	2,163	130,262
	Postage	1,523	91,750
	Communications	1,133	68,268
	Bank services charges	1,760	105,995
	Training levy	140	8,423
	Social contribution of solidarity	4,119	248,087
	Electricity expenses	1,124	67,692
	Miscellaneous materials	346	20,834
	Office expenses	1,694	102,030
	Marketing costs	99,000	5,962,770
	Total	**264,272**	**15,917,101**
12	**Increase in finished goods inventory**		
	Opening stock		
	Inventory - variation - closing stock	549,256	33,081,688.88
	Total	**(549,256)**	**(33,081,689)**

Notes to Financial Statements

Part A – Background and principal activities

Piramal Glass Europe SARL ('the Company') is a company registered in France with its principal office at 16 RUE PAUL BIGNON, 76260 EU, FRANCE. The Company is a wholly owned subsidiary of Piramal Glass Limited ('PGL India'). The Company commenced business operations in April 2010.

Piramal Glass Europe SARL is primarily engaged in the marketing of glass products and providing warehouse support services to its parent company; PGL India in France.

Part B - Significant accounting policies

1. **Basis of accounting**

   The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National advisory Committee on Accounting Standards, to the extent applicable.

2. **Use of estimates**

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. **Inventories**

   Inventories consist of glass products purchased from PGL India, and are stated at the cost or net realizable value, whichever is lower. Cost of inventories comprises of all costs of purchase and other cost incurred in bringing the inventories to their present condition and location. The cost of the products is determined using the first in, first out method.

4. **Revenue Recognition**

   Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Sales are recognized and accounted on delivery to customers and are recorded inclusive of VAT.

5. **Accounts receivable & allowance for doubtful accounts**

   Company follows specific identification method for recognizing bad debts. Management analyzes accounts receivable and the composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness when evaluating the adequacy of the allowance for doubtful accounts.

6. **Earnings per share**

   The Company reports basic earnings per share (EPS) in accordance with Accounting Standard – 20 issued by the Institute of Chartered Accountants of India. The basic earning per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares outstanding during the period.

7. **Provisions & contingent liabilities**

   The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

8. **Foreign exchange transactions**

   The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transactions. Any exchange gains or losses arising out of the subsequent fluctuations are accounted for in the profit and loss account. Functional currency of the Company is Euro. Monetary items denominated in foreign currency are translated into the reporting currency at the exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred

9. **Taxes on income**

   Provision on current taxes is made on based on applicable local laws, on income chargeable to tax.

   The Company uses the asset and liability method of accounting for deferred income taxes. Under this method, the deferred tax assets are not recognized unless there is a virtual certainty that they will be realized and deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between their financial statement carrying amounts and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates to apply to taxable income in those years in which the temporary differences are expected to reverse.

Part C: Notes forming part of accounts

A) Financial year

The Company commenced its business operations in April 2010. The financial statements are for the year April 1, 2010 to March 31, 2011.

B) Related party disclosures

As required by Accounting Standard – AS 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, the relevant disclosures are as follows:

i) Key management personnel

– Sandeep Arora - Director

ii) List of Related Parties with whom transactions have taken place during the year:

- Parent Company

  Piramal Glass Limited, India.

iii) Summary of transactions with related parties:

The balance payable and transactions during the year are as follows:

Nature of transaction	As at March 31, 2011 EUR	As at March 31, 2011 ₹
Accounts payable to PGL India	2,561,280	154,265,894

Nature of transaction	Year ended March 31, 2011 EUR	Year ended March 31, 2011 ₹
Purchases of glass products from PGL India	3,312,149	199,490,734

C) Income taxes

The Company provides for current taxes based on the applicable laws in France. The Company uses the assets and liability method of accounting for deferred income taxes. Under this method, the deferred tax assets are not recognized unless there is virtual certainty that they will be realized. During the year the Company did not recognize deferred taxes amounting to Euro 2,071.

Particulars	As at March 31, 2011 EUR	As at March 31, 2011 ₹
Deferred tax asset		
– Social contribution of solidarity	1,373	87,076
– Foreign currency transaction liabilities	698	44,267
Deferred tax asset	2,071	131,343
Deferred tax recognized	**Nil**	**Nil**

D) Earnings per share

Particulars	Year ended March 31, 2011 EUR	Year ended March 31, 2011 ₹
Net profit after tax provision	15,560	937,200
Net profit after tax available for equity shareholders	15,560	937,200
Weighted average no. of equity shares	5,000	
Basic and diluted earnings per share	**3.11**	

KNAV P. A. Mr. Sandeep Arora Director

Certified Public Accountants
Atlanta, Georgia

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Piramal Glass
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