

## ENGLISH TOOLS AND CASTINGS LIMITED

### BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman  
Mr. K. Janardhanan, Managing Director  
Mr. M. Sampath Kumar  
Dr. V.G. Ratnam  
Mr. A. Venkatesan (wef 24th May 2006)  
Mr. Vijay Raghunath  
Mr. V. Srinivasan (upto 24th May 2006)  
Mr. M. Kanagaraj (upto 11th May 2005)  
Mr. P. Madhusudhan

### AUDITORS

M/s. Narayan & Dharan  
Chartered Accountants, Coimbatore - 641 012.

### BANKERS

HDFC Bank Limited & IDBI Bank Limited

### REGISTERED OFFICE

100/1A, Pollachi Main Road  
Thamaraikulam Post, Kinathukadavu (Via)  
Pollachi T.K., Coimbatore - 642 109.

### FACTORIES

Pressure Die Casting Division  
Plastic Moulding Division  
Tooling Division

100/1A, Pollachi Main Road  
Thamaraikulam Post, Kinathukadavu (Via)  
Pollachi T.K., Coimbatore - 642 109.

Machining Division

54, Sidco Industrial Estate, Kuruchi, Coimbatore.

## REPORT OF THE DIRECTORS

Your Directors of the Company have great pleasure in presenting their Twelfth Annual Report of your Company together with Audited Accounts for the financial year ended 31st March 2006.

### WORKING RESULTS:

The working results of the Company is summarised as detailed below:

Particulars	2005-06	2004-05
		Rs. Million
<b>Aluminum Die Casting, Tooling, Machining &amp; Plastic Moulding Divisions :</b>		
Sales & Service Charges - Domestic	145.186	105.496
- Export	5.219	4.466
<b>Sub Total (A)</b>	<b>150.405</b>	<b>109.962</b>
<b>Press Shop Division : Sales &amp; Service Charges</b>		
- Domestic	19.385	—
- Export	—	44.451
<b>Sub Total (B)</b>	<b>19.385</b>	<b>44.451</b>
<b>Total (A+B)</b>	<b>167.790</b>	<b>154.413</b>
<b>Profit before Interest, Depreciation &amp; Other Income</b>	<b>12.107</b>	<b>17.375</b>
Less : Interest	4.427	5.704
: Depreciation	13.541	9.094
Add : Other Income	0.587	3.936
<b>Profit / (Loss) before Tax</b>	<b>(5.274)</b>	<b>6.513</b>
Less : Provision for Tax		
- Current Tax	—	0.512
- Fringe Benefit Tax	0.156	—
- Deferred Tax	—	2.427
<b>Profit / (Loss) after Tax</b>	<b>(5.430)</b>	<b>3.574</b>
Balance brought forward	3.636	0.435
<b>Extra ordinary items - Re-organisation loss (Net) written off</b>	<b>(197.010)</b>	<b>—</b>
Add / (Less) : Prior period items	0.006	(0.373)
Balance Carried to Balance Sheet	<b>(198.798)</b>	<b>3.636</b>

## REPORT OF THE DIRECTORS (Contd..)

### REVIEW OF OPERATIONS & OUTLOOK:

During the year 2005-06, in June 2005 Pricol has acquired 70% stake and took over the management of the company comprising of Aluminum Die Castings, Plastic Moulding, Tool Room and Machining Divisions. The company had already disposed off its Press Shop division before Pricol took over the management. The company has achieved a turnover of Rs.150.405 million against Rs.109.96 million of previous year (excluding Press Shop Division) recording a growth of 36.8%.

In 2005-06, by introducing various productivity improvement and cost control measures, the company was able to substantially reduce the loss of four divisions viz. Aluminum Die Castings, Plastic Moulding, Tool Room and Machining Divisions to Rs.5.27 million, even after providing higher depreciation of Rs.4.45 million and earlier years gratuity liability of Rs.1.15 million.

In the current year 2006-07, the automobile industry, which is poising a growth of 15%, will provide us ample opportunities for the growth of our company.

Moreover auto industries are switching over to Aluminum castings from Grey Iron to reduce the weight and conserve the fuel. M/s. Ennore Foundaries, Stahl and Arvind Meritor, leading companies have entered into long term contracts, giving confidence for future growth. We expect to have a good growth this year and come into profits. The major concern being the steep increase in the Aluminum alloy price. The company is confident of negotiating with customers to partly compensate the hike in input cost.

### RE-STRUCTURING

On change of management due to acquisition of 70% holding by M/s. Pricol Limited, the management thought it fit to state the Assets and Liabilities of the company at fair value. The assets and liabilities of the company had been assessed by experts. The impairment loss and arrears of depreciation on fixed assets, reduction in realizable value of inventories, debtors etc., after considering waiver of unsecured loan and share application money by the earlier promoter group, has been arrived at Rs.197.010 million. The details of above, being extra ordinary items, written off in the profit and loss account, are given below :

	(Rs. in Million)
1) Impairment / Arrears of Depreciation on Fixed Assets	184.081
2) Goodwill written off	60.946
3) Bad Debts written off	10.069
4) Excess of cost of inventory over net realizable value	41.362
5) Advances & Deposits not recoverable, written off	0.942
6) Deferred Revenue Expenditures written off	2.037
7) Loss on Sale of Press Shop Division, written off	0.811
<b>Sub-Total</b>	<b>300.248</b>
Less : Liabilities written back	
1) Share Application Money written back	49.107
2) Unsecured Loans written back	54.131
<b>Net Reorganisation Loss</b>	<b>197.010</b>

After charging the above loss, the closing balance in the profit and loss account as per Balance Sheet on 31.03.2006, being accumulated loss, is Rs.197.651 million. This is proposed to be dealt with by way of reduction of capital, subject to the approval of appropriate authorities.

### MANAGEMENT :

The company's management has been taken over by Pricol Limited from June'2005, consequent to the acquisition of 70% equity capital of the company. Consequently, the Board had been reconstituted.

### CHANGE IN STATUS OF THE COMPANY:

The status of the company had been changed from Private Limited to Public Limited under section 3(i)(iv) of the Companies Act, 1956.

## REPORT OF THE DIRECTORS (Contd..)

---

### DIRECTORS:

Mr. M. Kanagaraj resigned from the Board with effect from 11th May 2005. The directors would like to place on record their appreciation for his valuable contribution made for the development of the company during his tenure as directors.

Mr. V. Srinivasan, a director of the company, resigned on 24th May 2006. The Board placed on record its appreciation of the valuable contribution made by him for the development of the company.

Mr. M. Sampath Kumar, director retires by rotation at the ensuing meeting and is eligible for re-appointment.

Mr. Vijay Mohan, Mr. K. Janardhanan, Dr. V.G. Ratnam and Mr. Vijay Raghunath have joined the Board of Directors on 11th June 2005 and Mr. A. Venkatesan has joined on 24th May 2006 as additional directors under section 260 of the Companies Act, 1956. They vacate the office on the date of the forthcoming 12th Annual General Meeting and are eligible for appointment.

### FIXED DEPOSITS:

The Company has not accepted any Deposits from the public.

### AUDITORS:

The statutory auditors M/s. Narayan & Dharan, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

### CONSERVATION OF ENERGY ETC:

Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, is annexed herewith and forms part of this report.

### APPOINTMENT OF COMPANY SECRETARY:

The company is required to appoint full time Company Secretary under section 383 A of the Companies Act for which the company has initiated necessary steps for appointing a Company Secretary to comply with the provisions of Section 383A of the Companies Act.

### PARTICULARS OF EMPLOYEES:

The company does not have employees drawing remuneration attracting the provisions of section 217 (2A) of the Companies Act 1956.

### DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm:

- a) that the applicable accounting standards have been followed along with proper explanation wherever required in the preparation of Annual Accounts.
- b) that the Company has adopted prudent accounting policies.
- c) that proper care has been taken for maintenance of accounting records in accordance with the provisions of the Act and
- d) that the Annual Accounts of the Company have been prepared on a going concern basis.

### ACKNOWLEDGEMENT:

The directors wish to thank customers, vendors, bankers / financial institution, shareholders and Pricol Limited for their continued support and co-operation during the year under review. They also wish to place on record their appreciation of the contribution made by the management team and the employees at all levels.

Coimbatore  
24th May 2006

By order of the Board  
**K. Janardhanan**                      **Dr. V.G. Ratnam**  
Managing Director                      Director

## ANNEXURE TO DIRECTORS REPORT FOR THE YEAR 2005-06

1. Particulars pursuant to section 217 (1)(e) of the Companies Act 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988.

**a. CONSERVATION OF ENREGY:**

- a) Energy Conservation Measures Taken : Nil.
- b) Additional Investments and Proposal : The top executives of the company are contemplating the possibility of revamping the machinery to bring down the cost of power considerably.
- c) Energy Consumption as per Form-A :

PARTICULARS		2005-06	2004-05
1) Electricity Charges	Rs. million	12.740	13.363
2) EB Units Purchased	Kwh.	2,695,946	2,855,297
3) Rate per Unit Purchased	Rs.	4.73	4.68
1) Generator - Diesel	Rs. million	0.636	0.958
2) Units Generated	Kwh.	52,418	62,945
3) Cost per Unit Generated	Rs.	12.12	15.22
1) Total Power & Fuel (Excluding LPG)	Rs. million	13.376	14.321
2) Units Purchased/generated	Kwh.	2,748,364	2,918,242
3) Cost per Unit Consumed	Rs.	4.87	4.91
1) Liquified Petroleum Gas (LPG)	Rs. million	5.664	2.495
2) Kgs Consumed	Kgs.	166,343	79,781
3) Cost per Kg	Rs.	34.05	31.26

**b. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:**

During the year the company has made no activities relating to technology absorption, adoption and innovation.

**c. FOREIGN EXCHANGE EARNING & OUTGO:**

- i. Earnings in Foreign Exchange (FOB) : Rs.5.155 Million (Previous Year. Rs.49.260 Million)
- ii. Outgo in Foreign Currency (CIF) : Rs.3.418 Million (Previous Year. Rs.0.286 Million)

## REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **English Tools and Castings Limited**, Coimbatore, as at 31st March, 2006 and also the Profit and Loss Account for the year ended on that date annexed there to. These Financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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.

As required by the Companies'(Auditor's Report) Order, 2003, and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- 1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 2) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
- 3) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- 4) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956.
- 5) On the basis of the written representation received from the Directors, as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956.

6) In our opinion and to the best of our information, and according to the explanations given to us, the said financial statements, read together with the attached schedules and notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2006; and
- b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For Narayan & Dharan  
 Chartered Accountants  
**K. Badri Narayanan**

Partner

Coimbatore  
24th May 2006.

Membership No.024550

### Annexure to Auditor's Report

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and the nature of the business. The frequency of verification is reasonable and discrepancies noticed on such physical verification were not material and have been properly dealt with in the books of accounts.
- c) Press shop, a unit of the company has been disposed off during the year. However this has not affected the going concern assumption.
2. a) The inventories have been physically verified by the management during the year at reasonable intervals.
- b) The procedures followed by the company for verification of inventory are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories were not material and have been appropriately dealt with.

## ANNEXURE TO AUDITOR'S REPORT (Contd..)

3. a) During the year the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- b) During the year the company has taken unsecured loan from its holding company, Pricol Limited, covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.20,00,000/- The terms and conditions of the loan are prima facie not prejudicial to the interest of the company. The payment of the principal and interest is regular.
4. There are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There has been no major weakness in the internal control system.
5. a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding rupees five lakh each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted deposits from public.
7. The company has an adequate internal audit system commensurate with its size and nature of its business.
8. As per information furnished to us, the Central Government has not prescribed cost records under section 209(1)(d) of the Companies Act, 1956.
9. a) According to the information and explanations given to us and records examined, the company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income tax, Sales tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues.
- b) According to the information and explanations given to us, there has been no disputed dues under Sales tax, Service tax, Income tax, Custom duty, Excise duty and Cess.
10. The accumulated loss of the company at 31st March 2006 is more than fifty percent of its net worth. As per information furnished to us, these losses are to be set off on share capital reduction, in the proposed restructuring scheme. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The company has not defaulted in repayment of its dues to financial institution and banks.
12. During the year, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of special statutes applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures or other investments.
15. According to the information and explanations given to us, the terms and conditions on which the company has given guarantee for loans taken by others from bank or financial institutions are not prejudicial to the interest of the company.
16. The company has applied term loan for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination, we report that no funds raised on short term basis have been used for long term investment by the company.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained u/s.301 of the Companies Act, 1956.
19. During the year, the company has not issued debentures.
20. During the year, the company has not raised money by public issue.
21. According to the information and explanation given to us, and the books and records examined by us, there are no frauds on or by the company that has been noticed or reported during the year.

Coimbatore,  
24th May 2006.

For Narayan & Dharan  
Chartered Accountants  
**K. Badri Narayanan**  
Partner  
Membership No.024550

## BALANCE SHEET AS AT 31st MARCH 2006

Particulars	Schedule	31.03.2006 Rs. Millions	31.03.2005 Rs. Millions
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	I	276.989	276.989
Share Application Money	II	—	49.107
Reserves & Surplus	III	—	4.782
		276.989	330.878
<b>Borrowed Funds</b>			
Secured Loans	IV	54.123	52.415
Unsecured Loans	V	—	54.131
		54.123	106.546
<b>Total Capital Employed</b>		331.112	437.424
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	VI	380.808	419.062
Less : Impairment Of Fixed Assets		149.772	—
Goodwill Written Off		60.946	—
		170.090	419.062
Less : Accumulated Depreciation		79.799	35.947
Net Block		90.291	383.115
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	VII	51.399	31.058
Stock In Trade	VIII	16.095	81.152
Cash & Bank Balances	IX	1.372	1.910
Loans, Advances & Deposits	X	5.627	11.827
		74.493	125.947
Total Current Assets		74.493	125.947
Less : Current Liabilities & Provisions	XI	32.745	75.099
Net Current Assets		41.748	50.848
<b>Deferred Tax Asset</b>	XII	1.421	1.421
<b>Misc Exp To The Extent Not Written Off/Adjusted</b>			
Preliminary Expenses	XIII	—	0.003
Deferred Revenue Expenditure	XIV	—	2.037
Profit & Loss Account	XV	197.652	—
		197.652	2.040
<b>Total Assets</b>		331.112	437.424

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

As per our report of date attached  
 For Narayan & Dharan  
 Chartered Accountants  
**K. Badri Narayanan**, Partner  
 Membership No.024550  
 Coimbatore, 24th May, 2006

For and on behalf of the Board

**K. Janardhanan**  
 Managing Director

**Dr. V.G. Ratnam**  
 Director

# English Tools and Castings Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2006

Particulars	Schedule	2005-06 Rs. Millions	2004-05 Rs. Millions
<b>INCOME</b>			
Sales & Service	XVI	169.790	154.413
Increase / (Decrease) In Stock of Work in Progress	XVIII	(22.141)	33.074
<b>Production Value</b>		<b>147.649</b>	<b>187.487</b>
<b>EXPENDITURE</b>			
Raw Material Consumed	XIX	73.155	87.277
Labour Charges Paid		4.960	12.155
Employees' Cost	XX	20.330	24.203
Power & Fuel		19.040	16.816
Stores & Spares Consumed		6.198	14.756
Repairs & Maintenance	XXI	5.104	2.295
Other Expenditure	XXII	6.755	12.610
<b>Total Expenditure</b>		<b>135.542</b>	<b>170.112</b>
<b>Profit Before Interest, Depreciation &amp; Other Income</b>		<b>12.107</b>	<b>17.375</b>
Add : Other Income	XVII	0.587	3.936
		<b>12.694</b>	<b>21.311</b>
Less : Interest & Finance Charges	XXIII	4.427	5.704
Depreciation		13.541	9.094
		<b>(5.274)</b>	<b>6.513</b>
Adj : Prior Period Items	XXIV	0.006	0.373
<b>Profit / (Loss ) Before Tax</b>		<b>(5.268)</b>	<b>6.140</b>
Less : Provision For Taxation:			
Current Tax		—	0.512
Fringe Benefit Tax		0.156	—
Deferred Tax Asset Reversed		—	2.427
<b>Profit / (Loss) After Tax</b>		<b>(5.424)</b>	<b>3.201</b>
Adj : Extra-ordinary Items:			
Reorganisation Loss written off (See Notes Forming Part of Accounts)		197.010	—
<b>Balance Transferred To Balance Sheet</b>		<b>(202.434)</b>	<b>3.201</b>
<b>Earning per Share (Basic) (in Rupees)</b>			
1. Earning per Share before Extra-ordinary items		(0.20)	0.12
2. Earning per Share after Extra-ordinary items		(7.31)	0.12

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

As per our report of date attached  
For Narayan & Dharan  
Chartered Accountants  
**K. Badri Narayanan**, Partner  
Membership No.024550  
Coimbatore, 24th May, 2006

For and on behalf of the Board

**K. Janardhanan**  
Managing Director

**Dr. V.G. Ratnam**  
Director

## SCHEDULES FORMING PART OF THE ACCOUNTS

PARTICULARS	31.03.2006 Rs. Millions	31.03.2005 Rs. Millions	PARTICULARS	31.03.2006 Rs. Millions	31.03.2005 Rs. Millions
<b>Schedule - I SHARE CAPITAL</b>			<b>Schedule - IV SECURED LOANS:</b>		
A) Authorised Capital 30,000,000 Equity Shares of Rs.10/- each	<b>300.000</b>	300.000	Term Loans from Banks	<b>15.522</b>	15.540
B) Issued, Subscribed and Paid-up 27,698,921 Equity Shares of Rs.10/- each fully paid	<b>276.989</b>	276.989	Working Capital Borrowings from Banks:	<b>28.188</b>	28.200
	<b>276.989</b>	276.989	Working Capital Borrowings from Financial Institution	<b>9.844</b>	7.140
<b>Schedule - II SHARE APPLICATION MONEY</b>			<b>Hire Purchase Loans:</b>		
Received from Directors	—	49.107	Hire Purchase Loans from Banks	<b>0.356</b>	0.651
	—	49.107	Hire Purchase Loans from Companies	<b>0.213</b>	0.884
<b>Schedule - III RESERVES &amp; SURPLUS:</b>				<b>54.123</b>	52.415
Opening Balance in General Reserve	<b>1.146</b>	1.146	<b>Schedule - V UNSECURED LOANS:</b>		
Opening Balance in P & L Account	<b>3.636</b>	0.435	ECB Loan	—	34.482
	<b>4.782</b>	1.581	From Directors	—	19.649
Add : Net Profit for the year	—	3.201		—	54.131
Less : Transferred to P&L A/c (To adjust Debit Balance in P & L Account)	<b>4.782</b>	—		—	—
	—	4.782		—	—

### Schedule - VI FIXED ASSETS:

(Rs. Millions)

Description	Gross Block			As on 31.03.2006	Upto 31.03.2005	Depreciation			Net Block		
	As on 31.03.2005	Additions	Deletions/ Write off			Arrears of Depreciation	For the Year	With- drawn	Total as on 31.03.2006	As on 31.03.2006	As on 31.03.2005
Land	—	0.410	—	<b>0.410</b>	—	—	—	—	<b>0.410</b>	—	—
Building	55.927	0.083	15.532	<b>40.478</b>	9.003	9.170	1.331	2.363	<b>17.141</b>	<b>23.337</b>	46.924
Plant & Machinery	280.596	8.855	176.253	<b>113.198</b>	23.206	22.217	10.551	0.608	<b>55.366</b>	<b>57.832</b>	257.390
Furniture & Fittings	2.210	0.040	0.341	<b>1.909</b>	0.744	0.531	0.146	0.012	<b>1.409</b>	<b>0.500</b>	1.466
Office Equipments	1.491	0.273	0.266	<b>1.498</b>	0.268	—	0.256	0.007	<b>0.517</b>	<b>0.981</b>	1.223
Electrical Fittings	13.927	0.180	6.919	<b>7.188</b>	2.166	2.390	0.888	0.909	<b>4.535</b>	<b>2.653</b>	11.761
Lab Equipments	0.453	2.086	0.111	<b>2.428</b>	0.027	—	0.093	0.003	<b>0.117</b>	<b>2.311</b>	0.426
Vehicles	3.512	0.568	1.099	<b>2.981</b>	0.533	—	0.276	0.095	<b>0.714</b>	<b>2.267</b>	2.979
Goodwill	60.946	—	60.946	—	—	—	—	—	—	—	60.946
<b>Total</b>	<b>419.062</b>	<b>12.495</b>	<b>261.467</b>	<b>170.090</b>	<b>35.947</b>	<b>34.308</b>	<b>13.541</b>	<b>3.997</b>	<b>79.799</b>	<b>90.291</b>	<b>383.115</b>
Previous Year	377.051	47.018	5.007	<b>419.062</b>	28.760	—	9.094	1.907	<b>35.947</b>	<b>383.115</b>	348.291

# English Tools and Castings Limited

## SCHEDULES (Contd..)

PARTICULARS	31.03.2006 Rs. Millions	31.03.2005 Rs. Millions	PARTICULARS	31.03.2006 Rs. Millions	31.03.2005 Rs. Millions
<b>Schedule - VII SUNDRY DEBTORS:</b> (Unsecured Considered Good)			<b>Schedule - XII DEFERRED TAX ASSET:</b>		
Debtors Outstanding for a period exceeding 6 months	5.667	6.601	Opening Balance	1.421	3.848
Debtors less than 6 months	45.732	24.457	Less : Deferred Tax Asset reversed	—	2.427
	<u>51.399</u>	<u>31.058</u>		<u>1.421</u>	<u>1.421</u>
<b>Schedule - VIII STOCK IN TRADE:</b> (At lower of cost and net realisable value) (As Certified by Managing Director)			<b>Schedule - XIII PRELIMINARY EXPENSES:</b>		
Raw Materials	6.090	5.930	Opening Balance	0.003	0.005
Stores & Consumables	1.492	4.790	Less : Written off during the year	0.003	0.002
Work In Progress	8.513	70.432		<u>—</u>	<u>0.003</u>
	<u>16.095</u>	<u>81.152</u>	<b>Schedule - XIV DEFERRED REVENUE EXPENDITURE:</b>		
<b>Schedule - IX CASH &amp; BANK BALANCES:</b>			Opening Balance	2.037	1.626
Cash on Hand	0.059	0.137	Add : Incurred during the year	—	0.835
Cash at Bank			Less : Written Off during the year - Extra Ordinary Items	2.037	0.424
Current Accounts	0.313	0.538		<u>—</u>	<u>2.037</u>
Deposit Accounts	1.000	1.235	<b>Schedule - XV PROFIT &amp; LOSS ACCOUNT:</b>		
	<u>1.372</u>	<u>1.910</u>	Balance from P & L Account after Extra-Ordinary Item	202.434	—
<b>Schedule - X LOANS, ADVANCES &amp; DEPOSITS:</b>			Less : Transferred from Reserves & Surplus	4.782	—
Advances Recoverable in cash or kind or for value to be received and considered good	2.301	8.232		<u>197.652</u>	<u>—</u>
Deposits	2.148	2.565	<b>Schedule - XVI SALES &amp; SERVICE CHARGES:</b>		
	<u>4.449</u>	<u>10.797</u>	<b>Domestic :</b>	<b>2005-06</b>	<b>2004-05</b>
Prepaid Expenses	0.332	0.657	<b>Die Casting, Plastic Moulding, Tool Room &amp; Machining Divisions :</b>		
Tax Deducted At Source	0.846	0.373	Sale of Dies, Tools & Moulds	27.131	13.616
	<u>5.627</u>	<u>11.827</u>	Sale of Components	124.388	85.666
<b>Schedule - XI CURRENT LIABILITIES &amp; PROVISIONS:</b>			Service Charges Received	17.992	22.322
Sundry Creditors	31.914	74.115		<u>169.511</u>	<u>121.604</u>
Interest Accrued but not due on Loans	0.163	0.472	Less : Excise Duty	19.379	12.800
Provision for Income Tax	0.512	0.512	Sales Tax	4.946	3.308
Provision for Fringe Benefit Tax	0.156	—		<u>145.186</u>	<u>105.496</u>
	<u>32.745</u>	<u>75.099</u>	Domestic Sales (Sub Total)		

## SCHEDULES (Contd..)

PARTICULARS	2005-06 Rs. Millions	2004-05 Rs. Millions
<b>Schedule - XVI (Contd..)</b>		
<b>Press Shop Division :</b>		
Sale of Dies, Tools & Moulds	10.118	—
Sale of Components	9.267	—
	<u>19.385</u>	<u>—</u>
Less : Excise Duty	—	—
Sales Tax	—	—
	<u>19.385</u>	<u>—</u>
Domestic Sales (Sub Total)	19.385	—
Domestic Sales (Total)	164.571	105.496
<b>Export:</b>		
<b>Die Casting, Plastic Moulding, Tool Room and Machining Division :</b>		
Sale of Components	0.565	3.231
Sale of Dies, Tools & Moulds	4.654	1.235
	<u>5.219</u>	<u>4.466</u>
Export Sales (Sub Total)	5.219	4.466
<b>Press Shop Division :</b>		
Sale of Components	—	44.451
Sale of Dies, Tools & Moulds	—	—
	<u>—</u>	<u>44.451</u>
Export Sales (Sub Total)	—	44.451
Export Sales (Total)	5.219	48.917
Total Sales & Service Charges	169.790	154.413
<b>Schedule - XVII OTHER INCOME:</b>		
Interest	0.183	0.229
Insurance Claim	0.029	0.047
Rent & Lease Charges	0.030	0.020
Other Receipts	0.104	0.016
DEPB Claim	—	3.624
Sundry Credits Written Back	0.241	—
	<u>0.587</u>	<u>3.936</u>

PARTICULARS	2005-06 Rs. Millions	2004-05 Rs. Millions
<b>Schedule - XVIII INCREASE/DECREASE IN STOCK:- WIP</b>		
Opening Work-in-Progress	70.432	37.358
Less : Written off during the year (Extra-Ordinary Item)	39.778	—
	<u>30.654</u>	<u>37.358</u>
Closing Work-in-Progress	8.513	70.432
	<u>(22.141)</u>	<u>33.074</u>
<b>Schedule - XIX RAW MATERIAL CONSUMED:</b>		
Opening Stock	5.930	1.314
Less : Written off in the current year (Extra-Ordinary Item)	1.380	—
	<u>4.550</u>	<u>1.314</u>
Add : Purchases of Raw Materials	75.857	97.354
	<u>80.407</u>	<u>98.668</u>
Less : Sale of Scrap	1.162	5.461
	<u>79.245</u>	<u>93.207</u>
Less : Closing Stock	6.090	5.930
	<u>73.155</u>	<u>87.277</u>
<b>Schedule - XX - PERSONNEL COST:</b>		
Pay, Allowances & Exgratia	16.033	21.556
Company's Contribution to PF, ESI & Gratuity Funds	3.380	1.661
Welfare Expenses	0.917	0.986
	<u>20.330</u>	<u>24.203</u>
<b>Schedule - XXI - REPAIRS &amp; MAINTENANCE:</b>		
Buildings	0.325	0.325
Machinery	3.914	0.806
Others	0.865	1.164
	<u>5.104</u>	<u>2.295</u>

## SCHEDULES (Contd..)

PARTICULARS	2005-06 Rs. Millions	2004-05 Rs. Millions	PARTICULARS	2005-06 Rs. Millions	2004-05 Rs. Millions
<b>Schedule - XXII - OTHER EXPENDITURES:</b>			<b>Schedule - XXIII - INTEREST &amp; FINANCE CHARGES:</b>		
Printing & Stationery Expenses	0.338	0.525	Interest Charges on-		
Postage & Telephones	0.493	1.158	- Fixed Loans	0.960	1.002
Rent, Rates & Taxes	1.518	0.869	- Other Loans	3.467	4.702
Insurance	0.511	0.518			
Bank Charges	0.612	0.777			
Travelling & Conveyance	0.324	1.034		4.427	5.704
Freight & Forwarding	0.553	4.462			
Advt & Sales Promotion Expenses	0.164	0.492			
Bad Debts Written Off	0.215	—			
Directors' Sitting Fees	0.154	—	<b>Schedule - XXIV - PRIOR PERIOD ITEMS:</b>		
Auditor's Remuneration	0.058	0.061	Income Tax Paid	—	0.120
Professional Charges,			MAT Tax Paid U/s.115JB	—	0.253
Books & Periodicals	0.338	0.195			
Security Service Charges	0.345	0.460			0.373
Miscellaneous Expenses	0.567	1.301	Less : Excess Audit Fees		
Donation	—	0.014	provision reversed	0.006	—
Discount Allowed	0.122	0.074			
Brokerage & Commission	—	0.022		0.006	0.373
Foreign Exchange Loss	0.077	0.074			
Loss / (Profit) On Sale of Assets	0.363	0.147			
Deferred Revenue exps written off	—	0.424			
Preliminary Expenses written off	0.003	0.003			
	6.755	12.610			

## SIGNIFICANT ACCOUNTING POLICIES

- ACCOUNTING CONVENTION:**  
Accounts have been prepared under Historical Cost Convention and as per the requirements of the Companies Act, 1956.
- FIXED ASSETS AND DEPRECIATION:**  
Fixed Assets are stated at Historical Cost excluding Convat benefit on capital goods.  
  
Depreciation has been provided under the Straight Line Method as per Schedule XIV of the Companies Act, 1956.
- VALUATION OF INVENTORIES :**  
Inventories are valued at lower of cost and Net realizable value.
- REVENUE RECOGNITION:**  
The Company has been constantly adopting accrual system of accounting for income and expenditure.
- FOREIGN CURRENCY TRANSACTIONS:**  
Revenue transactions in Foreign Currency are accounted at the rates prevailing at the date of transaction.  
  
Foreign currency assets and liabilities as on the balance sheet date and any difference is recognized in the Profit & Loss account except in cases where they relate to the Fixed Asset in which case they are adjusted to the carrying cost of such assets.
- RETIREMENT BENEFITS:**  
**Gratuity :** The liability in respect of gratuity payable to the employees of the company is covered by a scheme of LIC.
- BORROWING COSTS:**  
Borrowing costs are charged to revenue. There are no assets, during the year for which borrowing cost is to be capitalized.
- ACCOUNTING FOR TAXES:**  
There are carry forward losses eligible to be set off against future income under Income tax act. Deferred tax asset in respect of such losses has not been recognized on prudence.
- ACCOUNTNG STANDARDS:**  
Accounting standards prescribed by the Institute of Chartered Accountants of India have been followed wherever applicable.

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

### 1) SECURED LOAN:

Cash Credit facilities from banks are secured by way of way of hypothecation of finished goods, raw materials, stock in process, stores and spares and book debts of the Company. These limits are also secured by pari passu charge on company's fixed assets.

Credit facilities from SIDBI for the suppliers' bill-discounting limit are secured by charge on fixed assets.

The above loans are further secured by the personal guarantee of Sri M.Sampathkumar, Director.

Term loans due to HDFC Bank Limited and IDBI bank limited are secured by fixed assets procured out of respective loan.

2) The Company has not complied with the provisions of the Companies Act, 1956 with respect to appointment of Company Secretary under Section 383A.

3) Previous year figures have been regrouped and reclassified to conform to current year's classification.

### 8) RE-ORGANISATION :

On change of management due to acquisition of 70% holding by M/s. Pricol Limited, the management thought it fit to state the Assets and Liabilities of the company at fair value. The assets and liabilities of the company had been assessed by experts. The impairment loss and arrears of depreciation on fixed assets, reduction in realizable value of inventories, debtors etc., after considering waiver of unsecured loan and share application money by the earlier promoter group, has been arrived at Rs.197.010 million. The details of above, being extra-ordinary items, written off in the profit and loss account, are given below:

	(Rs. million)
1) Impairment / Arrears of Depreciation on Fixed Assets	184.081
2) Goodwill written off	60.946
3) Bad Debts written off	10.069
4) Excess of cost of inventory over net realizable value	41.362
5) Advances & Deposits not recoverable, written off	0.942
6) Deferred Revenue Expenditures written off	2.037
7) Loss on Sale of Press Shop Division, written off	0.811
<b>Sub-Total</b>	<b>300.248</b>
Less : Liabilities written back	
Share Application Money written back	49.107
Unsecured Loans written back	54.131
<b>Net Reorganisation Loss</b>	<b>197.010</b>

After charging the above loss, the closing balance in the profit and loss account as per Balance Sheet on 31.03.2006, being accumulated loss, is Rs.197.651 million. This is proposed to be dealt with by way of reduction of capital, subject to the approval of appropriate authorities.

# English Tools and Castings Limited

## NOTES FORMING PART OF ACCOUNTS (Contd..)

9) The quantitative details and other additional information required as per paragraph 4(A), 4(B), 4(C) & 4(D) of part II schedule VI of the Companies Act 1956 are as follows:-

		2005-06	2004-05	2005-06	2004-05
<b>a. Installed Capacity and Actual Production : Main Products</b>		<b>Installed capacity</b>		<b>Production (Excluding labour basis)</b>	
Die Casting Components (in Tonnes)		1,200.00	1,200.00	586.59	427.09
Tools (in Nos.)		220.00	120.00	42.00	30.00
Injection Moulding Components (Nos. in million)		1.80	1.80	0.44	0.54
Sheet Metal Components (in Tonnes)		—	7500.00	—	487.62
<b>b. Quantitative Details Raw Materials</b>		<b>Opening Stock</b>		<b>Closing Stock</b>	
Aluminium Ingots (in Kgs.)		21,701	7,933	29,008	21,701
Plastic granules / ABS polymers (in Kgs.)		12,345	5,137	8,992	12,345
Steel Sheets (in Kgs.)		7,673	—	—	7,673
		<b>Purchase</b>		<b>Consumption</b>	
Aluminium Ingots (in Kgs.)		604,073	480,220	596,766	466,452
Plastic granules / ABS polymers (in Kgs.)		76,900	61,003	80,253	53,795
Steel Sheets (in Kgs.)		—	724,810	7,673	717,137
<b>c. Quantitative Details Finished Goods</b>		<b>Opening &amp; Closing Stock</b>		<b>Production &amp; Sales (Excl. Labour basis)</b>	
Tools & Dies (in Nos.)		—	—	42	30
Aluminium Components (in Kgs.)		—	—	586,589	427,091
Plastic Components (in Nos.)		—	—	437,949	543,094
Sheet Metal Components (in Kgs.)		—	—	—	487,620
		<b>2005-06</b>		<b>2004-05</b>	
		Rs. in million			
d. CIF value of Imports of the company		3.418		NIL	
e. FOB value of exports		5.155		49.260	
f. Other expenditure in foreign exchange		Nil		0.286	

10. List of Related parties with whom transactions have taken place during the year 2005-06 and Relationship :

**Holding Company** : Pricol Limited; **Key Management Personnel** : Mr. K. Janardhanan; **Fellow Subsidiaries** : Integral Investments Ltd. and PT Pricol Surya; **Others** : Pricol Packaging Limited, Pricol Finance Limited, Prime Agri Solutions (India) Limited, Pricol Technologies Limited, Pricol Travels Limited, Penta Enterprises (India) Limited, Xenos Technologies Limited, Synoro Technologies Limited, Shanmuga Steel Industries Limited, Ellargi & Co., Libra Industries, Leo Industries.

(Rs. in Million)

Nature of Transaction	Holding Company	Fellow Subsidiaries	Key Mgmt Personnel	Others
Purchase / Lab charges paid	0.404	—	—	0.316
Sales / Labour charges received	13.227	—	—	0.550
Travelling Expenses	—	—	—	0.013
Sitting Fees paid	—	—	0.031	—
Advance received	2.000	—	—	—
Advance repaid	2.000	—	—	—
Interest paid	0.022	—	—	—

11. The Company's operations mainly relate to one segment.

## PART – IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Rs. in Thousands

#### I. Registration Details

Registration No.	181 – 5335	Balance Sheet Date	31.03.2006
------------------	------------	--------------------	------------

#### II. Capital Raised during the year:

Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private Placement	Nil

#### III. Position of Mobilization and Deployment of Funds:

Total Liabilities	331,112	Total Assets	331,112
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid - Up Capital	276,989	Net Fixed Assets	90,291
Reserves & Surplus	—	Net Current Assets	41,748
Secured Loans	54,123	Investment	—
Unsecured Loans	—	Deferred Tax	1,421
		Misc. Expenditure	197,652

#### IV. Performance of Company

Total Turnover	147,649	Total Expenditure	152,917
Profit/(Loss) Before Tax	(5,268)	Profit/(Loss) After Tax	(5,424)
Earning per share	(0.20)	Dividend rate	—

#### V. Generic Names of Three products/services of Company (as per monetary terms)

ITC Code No.	722830.14	761090.02	3132 (NIC Code)
Product Description	Tools & Dies	Aluminium Die Casting Components	Plastic Components

As per our report of date attached  
 For Narayan & Dharan  
 Chartered Accountants  
**K. Badri Narayanan**, Partner  
 Membership No.024550  
 Coimbatore, 24th May, 2006

For and on behalf of the Board

**K. Janardhanan**  
 Managing Director

**Dr. V.G. Ratnam**  
 Director

# English Tools and Castings Limited

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2006

	2005-06 Rs. Millions	2004-05 Rs. Millions
<b>A. Cash flow from operating activities:</b>		
Net Profit / (Loss) before Tax	(5.268)	6.513
Adj. : Depreciation	13.541	9.094
(Profit) / Loss on Sale of Assets (Net)	0.363	0.147
Deferred Revenue expenses written off	0.003	0.426
Sundry Credits written back	(0.241)	—
Interest and Finance charges	4.427	5.704
	<u>18.093</u>	<u>15.371</u>
Operating Profit Before Working Capital changes	12.825	21.884
Deferred revenue expenses for the year	—	(0.835)
Decrease / (Increase) in Trade and other receivables	(25.640)	(13.584)
Decrease / (Increase) in Inventories	23.696	(41.437)
Increase / (Decrease) in Trade and other payables	(40.653)	35.837
	<u>(41.597)</u>	<u>(20.019)</u>
Cash Outflow on Operations	(28.772)	1.865
Taxes paid	(0.512)	(0.372)
	<u>(29.284)</u>	<u>1.493</u>
<b>B. Cash flow from investing activities:</b>		
Purchase of Fixed Assets	(13.802)	(43.320)
Sale of fixed assets (including press shop assets)	45.577	5.378
	<u>31.775</u>	<u>(37.942)</u>
<b>C. Cash flow from financing activities:</b>		
Secured loan obtained	1.708	33.279
Unsecured loan obtained	—	7.047
Interest paid	(4.736)	(5.232)
	<u>(3.028)</u>	<u>35.094</u>
Net decrease in cash and cash equivalents	(0.537)	(1.355)
Opening balance of cash and cash equivalents	1.909	3.265
Closing balance of cash and cash equivalents	1.372	1.910

As per our report of date attached  
For Narayan & Dharan  
Chartered Accountants  
**K. Badri Narayanan**, Partner  
Membership No.024550  
Coimbatore, 24th May, 2006

For and on behalf of the Board

**K. Janardhanan**  
Managing Director

**Dr. V.G. Ratnam**  
Director