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## ENGLISH TOOLS AND CASTINGS LIMITED

### BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman  
Mr. K. Janardhanan, Managing Director  
Mr. Viren Mohan, Executive Director  
Mr. P. Vijay Raghunath  
Mr. A. Venkatesan  
Mr. D. Ravichandran  
Mr. Vikram Mohan, Alternate Director to Mr. Viren Mohan  
Mrs. Gita Srivatsan (upto 4th July 2009)

### AUDIT COMMITTEE

Mr. P. Vijay Raghunath  
Mr. D. Ravichandran  
Mr. K. Janardhanan  
Mr. A. Venkatesan

### COMPANY SECRETARY

Mrs. Praveena Dhanagopal

### AUDITORS

M/s. Narayan & Dharan  
Chartered Accountants,  
366-A, Alagesan Road,  
S.B. Mission Post,  
Coimbatore - 641 011.

### BANKERS

HDFC Bank Limited  
Classic Towers,  
1635, Trichy Road,  
Coimbatore - 641 018.

### REGISTERED OFFICE

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

### FACTORIES

Pressure Die Casting Division  
Plastic Moulding Division  
Tooling Division

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

Machining Division

E-21, SIDCO Industrial Estate, Kurichi,  
Coimbatore - 641 021.

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# English Tools and Castings Limited

## REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the Sixteenth Annual Report and Audited Accounts for the financial year ended 31st March 2010.

### WORKING RESULTS:

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

	Rs. Million	
Particulars	2009-10	2008-09
Sales & Service Charges - Domestic	120.633	136.496
- Export	6.267	13.101
<b>Total</b>	<b>126.900</b>	<b>149.597</b>
<b>Profit before Interest, Depreciation &amp; Other Income</b>	<b>(9.628)</b>	<b>(2.372)</b>
Less : Interest & Finance charges	10.791	16.095
: Depreciation	15.021	14.895
Add : Other Income	0.224	2.533
<b>Profit / (Loss) before Tax</b>	<b>(35.216)</b>	<b>(32.781)</b>
Less : Provision for Tax - Current Tax	—	—
- Fringe Benefit Tax	—	0.101
- Deferred Tax	—	—
<b>Profit / (Loss) after Tax</b>	<b>(35.216)</b>	<b>(32.882)</b>
Balance brought forward	(22.749)	10.133
Balance Carried to Balance Sheet	(57.965)	(22.749)

### REVIEW OF OPERATIONS & OUTLOOK

The recessionary trend continued up to second half of financial year 2009-10 which affected the turn over. In addition to that power shortage in Tamilnadu affected the production in 3rd and 4th quarter of 2009-10, the company was able to achieve only a turnover of Rs.126.900 million and incurred a loss of Rs.35.216 million.

The expansion of the customer base planned (08-09) in two wheeler and telecommunication market has yielded result. The company as already started supplying to TVS Motor Company Limited, ASCO India and Greaves Cotton Ltd. The existing customers L&T and Ashok Leyland has increased their schedule. The outlook for the Company is brighter for the financial year 2010 - 2011 since at present, the Company is having order book of Rs.25 million per month, due to the increased requirements indicated by the customers now.

### DIRECTORS

Mr. P. Vijay Raghunath, Director retire by rotation at the ensuing meeting and is eligible for re-appointment.

Mr. K. Janardhanan has been reappointed as Managing Director with remuneration for a period of 1 year with effect from 11th June 2010 to 10th June 2011 subject to the shareholders approval at the forthcoming 16th Annual General Meeting.

Mrs. Gita Srivatsan has resigned effective 4th July 2009, due to personal commitments. The Board of Directors place on record their warm appreciation of the valuable contribution made by Mrs. Gita Srivatsan, during her association with the Company.

### FIXED DEPOSITS

The Company has not accepted any Deposits from the public.

## REPORT OF THE DIRECTORS (Contd..)

### 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.

### PARTICULARS OF EMPLOYEES

The Company does not have employees drawing remuneration attracting the provisions of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

### DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- a) in the preparation of annual accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed.
- b) they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- d) they had prepared the annual accounts for the financial year ended 31st March 2010, on a going concern basis.

### ACKNOWLEDGEMENT

The directors wish to thank customers, vendors, banks / financial institutions 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.

By order of the Board

Coimbatore  
24th May 2010

Vijay Mohan  
Chairman

K. Janardhanan  
Managing Director

# English Tools and Castings Limited

## ANNEXURE TO DIRECTORS' REPORT

### 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 ENERGY :

a) Energy Conservation Measures Taken: In a Die casting machines the electrical energy is conserved through integrated PLC programming of pressure and flow. In the tool room division heavy machines like plano milling, boring machines are fitted with variable frequency drives to conserve power.

b) Energy Consumption as per Form -A :

PARTICULARS		2009-10	2008-09
1) Electricity Charges	Rs. Million	11.281	12.139
2) EB Units Purchased	Kwh.	2,169,099	2,636,386
3) Rate per Unit Purchased	Rs.	5.20	4.60
1) Generator - Diesel	Rs. Million	3.654	4.068
2) Units Generated	Kwh.	372,788	384,045
3) Cost per Unit Generated	Rs.	9.80	10.59
1) Total Power & Fuel (Excluding LPG)	Rs. Million	14.935	16.207
2) Units Purchased / generated	Kwh.	2,541,887	3,020,431
3) Cost per Unit Consumed	Rs.	5.88	5.37
1) Liquefied Petroleum Gas (LPG)	Rs. Million	7.500	7.737
2) Kgs Consumed	Kgs.	191,724	176,404
3) Cost per Kg	Rs.	39.06	43.86

#### b. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

The Company has developed die-cast parts which are being used in the pumps and valves especially for higher pressure applications. Also, developed in house facility to test the pressure parts.

#### c. FOREIGN EXCHANGE EARNINGS & OUTGO

- i. Earnings in Foreign Exchange (FOB) : Rs.4.765 Million (Previous Year Rs.13.338 Million)
- ii. Outgo in Foreign Currency (CIF) : Rs.Nil (Previous Year Rs.6.656 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, 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 2010; and
  - b. In the case of the Profit and Loss Account, of the Loss for the year ended on that date,
  - c. In the case of cash flow statement, of the cash flows for the year ended on that date.

For Narayan & Dharan,  
Chartered Accountants  
ICAI Regn. No.007371S  
**K. Badri Narayanan**  
Partner  
Membership No.024550

Coimbatore  
24th May 2010

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### Annexure to Auditor's Report

1. a) The company is maintaining records showing particulars 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.
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.

# English Tools and Castings Limited

## REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS (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. contracts or arrangements exceeding rupees five lakhs each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
- b) During the year the company has taken interest free unsecured loan from companies covered in the Register maintained under section 301 of the Companies Act, 1956. Number of Parties - One  
Maximum amount involved - Rs. 69.72 M  
The Loan has been squared off by converting the entire loan outstanding as at 31.3.10 of Rs.69.50 millions into equity share capital.
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
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, there has been no undue delays in depositing undisputed statutory dues as to Provident Fund, Employee's State Insurance. There are no arrears in statutory dues for more than 6 months as at last day of the financial year. No delays noticed in depositing of other statutory dues as to 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 are disputed dues under sales tax. The details are as under:

Sl. No.	Name of the Statute	Period to which the amount relates	Nature of the Dues	Amount disputed Rs.	Amount paid Rs.	Forum where dispute is pending
1.	TNGST	2004-05, 05-06, 06-07	Entry Tax	3,640,155	Nil	Pending before Supreme Court on appeal by Department
2.	TNGST	-do-	Sales Tax	2,085,061	Nil	Interim stay granted by High Court
3.	TNGST	2005-06	Sales Tax	435,682	Nil	-do-

10. As per the information and explanations given to us, there are accumulated losses as on 31st March 2010. The Company has incurred cash losses during the financial year covered by our audit and there are cash losses in the immediately preceding financial year.
11. The company has not defaulted in repayment of its dues to bank or financial institution.
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.

**REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS (Contd..)**

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>14. The company is not dealing or trading in shares, securities, debentures or other investments.</p> <p>15. According to the records, information and explanations given to us, the company has not given guarantee for loans taken by others from bank or financial institutions.</p> <p>16. The company has applied term loan for the purposes for which they were obtained.</p> <p>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.</p> <p>18. During the year, the company has made allotment of shares to parties and companies covered in the Register maintained u/s.301 of the Companies Act, 1956 and the price at which the shares are</p> | <p>allotted is not prejudicial to the interest of the company.</p> <p>18. During the year, the company has not issued debentures.</p> <p>19. During the year, the company has not raised money by public issue.</p> <p>20. 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.</p> |
| <p>Coimbatore<br/>24th May 2010</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>For Narayan &amp; Dharan<br/>Chartered Accountants<br/>ICAI Regn. No.007371S<br/><b>K. Badri Narayanan</b><br/>Partner<br/>Membership No.024550</p>                                                                                                                                                                                                                                                                         |

# English Tools and Castings Limited

## BALANCE SHEET AS AT 31st MARCH 2010

PARTICULARS	Schedule	31.03.2010 Rs. Million	31.03.2009 Rs. Million
<b>A. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	I	148.837	79.337
Reserves & Surplus	II	0.001	0.001
		<u>148.838</u>	<u>79.338</u>
<b>2. Loan Funds</b>			
Loan Funds	III	60.678	122.098
		<u>60.678</u>	<u>122.098</u>
<b>Total</b>		<u>209.516</u>	<u>201.436</u>
<b>B. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
Gross Block	IV	222.741	229.979
Less : Accumulated Depreciation		126.229	116.687
		<u>96.512</u>	<u>113.292</u>
<b>2. Current Assets, Loans &amp; Advances</b>			
a) Sundry Debtors	V	49.214	56.202
b) Stock In Trade	VI	34.271	39.191
c) Cash & Bank Balances	VII	3.712	2.631
d) Loans, Advances & Deposits	VIII	13.455	9.566
		<u>100.652</u>	<u>107.590</u>
Total Current Assets		100.652	107.590
Less : Current Liabilities & Provisions	IX	47.035	43.616
		<u>53.617</u>	<u>63.974</u>
Net Current Assets		53.617	63.974
<b>3. Deferred Tax Asset</b>			
	X	1.421	1.421
<b>4. Miscellaneous expenses to the extent not written off / adjusted</b>			
Profit & Loss Account	XI	57.966	22.749
		<u>57.966</u>	<u>22.749</u>
<b>Total Assets</b>		<u>209.516</u>	<u>201.436</u>

Schedule I to XI, 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  
ICAI Regn. No.0073715  
K. Badri Narayanan, Partner  
Membership No.024550

For and on behalf of the Board

Vijay Mohan  
Chairman

K. Janardhanan  
Managing Director

Praveena Dhanagopal  
Company Secretary

Coimbatore, 24th May, 2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

PARTICULARS	Schedule	2009-10 Rs. Million	2008-09 Rs. Million
<b>INCOME</b>			
Sales & Service Charges Received	XII	126.900	149.597
Increase / (Decrease) In Stock	XIII	(3.018)	13.023
<b>Production Value</b>		<b>123.882</b>	<b>162.620</b>
<b>EXPENDITURE</b>			
Raw Material Consumed	XIV	54.337	83.373
Labour Charges Paid		7.454	11.417
Employees' Cost	XV	29.721	26.179
Power & Fuel		22.435	23.944
Stores & Spares Consumed		7.467	7.935
Repairs & Maintenance	XVI	3.074	4.744
Other Expenditure	XVII	9.022	7.400
<b>Total Expenditure</b>		<b>133.510</b>	<b>164.992</b>
<b>Profit Before Interest, Depreciation &amp; Other Income</b>		<b>(9.628)</b>	<b>(2.372)</b>
Add : Other Income	XVIII	0.224	2.533
		<b>(9.404)</b>	0.161
Less : Interest & Finance Charges	XIX	10.791	16.095
Depreciation		15.021	14.895
		<b>(35.216)</b>	<b>(30.829)</b>
Adj : Prior period items	XX	—	1.952
<b>Profit / (Loss) before Tax</b>		<b>(35.216)</b>	<b>(32.781)</b>
Less : Provision For Taxation			
Current Tax		—	—
Deferred Tax		—	—
Fringe Benefit Tax		—	0.101
<b>Profit / (Loss) After Taxation</b>		<b>(35.216)</b>	<b>(32.882)</b>
<b>Add / Less : Extra-Ordinary Items</b>		<b>—</b>	<b>—</b>
<b>Balance Transferred to Balance Sheet</b>		<b>(35.216)</b>	<b>(32.882)</b>

Schedule XII to XX, 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  
ICAI Regn. No.0073715  
K. Badri Narayanan, Partner  
Membership No.024550

Coimbatore, 24th May, 2010

For and on behalf of the Board

Vijay Mohan  
Chairman

K. Janardhanan  
Managing Director

Praveena Dhanagopal  
Company Secretary

# English Tools and Castings Limited

## SCHEDULES TO BALANCE SHEET AS ON 31st MARCH 2010

PARTICULARS	31.03.2010 Rs. Million	31.03.2009 Rs. Million
<b>Schedule I - SHARE CAPITAL</b>		
A) Authorised Capital 30,000,000 Equity Shares of Rs.10/- each	300.000	300.000
B) Issued, Subscribed and Paid-up 1,48,83,700 Equity Shares of Rs.10/- each fully paid	148.837	79.337
1,48,83,700 Equity Shares of Rs.10/- each fully paid (Previous year : 79,33,700 Equity Shares of Rs.10/- each fully paid)	148.837	79.337
<b>Schedule II - RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
Capital Reserve	0.001	0.001
	0.001	0.001
<b>Schedule III - SECURED LOANS</b>		
Term Loans from Banks	20.548	39.071
Working Capital Borrowings from Banks	39.918	53.384
Working Capital Borrowings from Financial Institution	—	7.346
<b>Hire Purchase Loans :</b>		
Hire Purchase Loans from Banks	0.212	0.297
<b>Unsecured Loans :</b>		
Loan from Holding Company	—	22.000
	60.678	122.098

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)**

**Schedule IV - FIXED ASSETS**

(Rs. Million)

Description	Gross Block			Depreciation				Net Block		
	As on 31.03.2009	Additions during 2009-10	Deletions during 2009-10	As on 31.03.2010	Upto 31.03.2009	For the Year	With- drawn during 2009-10	Total up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land	1.237	—	—	<b>1.237</b>	—	—	—	—	<b>1.237</b>	1.237
Building	41.701	—	—	<b>41.701</b>	21.301	<b>1.447</b>	—	<b>22.748</b>	<b>18.953</b>	20.400
Plant & Machinery	150.050	0.091	8.128	<b>142.013</b>	73.838	<b>10.277</b>	5.479	<b>78.636</b>	<b>63.377</b>	76.212
Furniture & Fittings	2.039	0.018	—	<b>2.057</b>	1.707	<b>0.053</b>	—	<b>1.760</b>	<b>0.297</b>	0.332
Office Equipments & Computers	6.120	0.043	—	<b>6.163</b>	4.608	<b>0.547</b>	—	<b>5.155</b>	<b>1.008</b>	1.512
Electrical Fittings	19.277	0.023	—	<b>19.300</b>	11.089	<b>1.451</b>	—	<b>12.540</b>	<b>6.760</b>	8.188
Lab Equipments	3.773	0.715	—	<b>4.488</b>	1.429	<b>0.590</b>	—	<b>2.019</b>	<b>2.469</b>	2.344
Vehicles	3.312	—	—	<b>3.312</b>	1.459	<b>0.326</b>	—	<b>1.785</b>	<b>1.527</b>	1.853
Intangible Assets	2.470	—	—	<b>2.470</b>	1.256	<b>0.330</b>	—	<b>1.586</b>	<b>0.884</b>	1.214
<b>Total</b>	<b>229.979</b>	<b>0.890</b>	<b>8.128</b>	<b>222.741</b>	<b>116.687</b>	<b>15.021</b>	<b>5.479</b>	<b>126.229</b>	<b>96.512</b>	<b>113.292</b>
Previous Year	214.976	16.374	1.371	<b>229.979</b>	102.568	<b>14.894</b>	0.775	<b>116.687</b>	<b>113.292</b>	112.408
								<b>31.03.2010</b>	<b>31.03.2009</b>	
								<b>Rs. Million</b>	<b>Rs. Million</b>	

**Schedule V - SUNDRY DEBTORS**

(Unsecured and Considered Good)

Due from Holding Company	<b>4.393</b>	3.541
Other Debtors outstanding for a period exceeding six months	<b>16.784</b>	27.981
Other Debtors less than six months	<b>31.094</b>	27.251
	<b>52.271</b>	58.773
Due to Holding Company	<b>3.057</b>	2.571
	<b>49.214</b>	56.202

**Schedule VI - STOCK IN TRADE**

(At lower of cost and net realisable value)

Raw Materials	<b>3.966</b>	5.604
Stores & Consumables	<b>2.505</b>	2.769
Work In Progress	<b>27.800</b>	30.818
	<b>34.271</b>	39.191

**Schedule VII - CASH & BANK BALANCES**

Cash on Hand	<b>0.411</b>	0.258
Cash at Bank		
a) Current Accounts	<b>3.301</b>	0.742
b) Deposit Accounts	<b>—</b>	1.631
	<b>3.712</b>	2.631

# English Tools and Castings Limited

## SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

	31.03.2010 Rs. Million	31.03.2009 Rs. Million
<b>Schedule VIII - LOANS, ADVANCES &amp; DEPOSITS</b>		
Advances Recoverable in cash or kind or for value to be received and considered good	9.995	5.470
Deposits	2.078	2.837
	<u>12.073</u>	<u>8.307</u>
Prepaid Expenses	0.115	0.199
Tax Deducted and collected at Source	1.267	1.060
	<u>13.455</u>	<u>9.566</u>
<b>Schedule IX - CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors & Other Current Liabilities		
– Due to Micro, Small & Medium Enterprises	2.675	3.078
– Due to Others Creditors, Provision for Expenses & Statutory Liabilities	42.671	38.168
Interest Accrued but not due on Loans	—	0.681
Provision for Income Tax	1.371	1.371
Provision for Fringe Benefit Tax	0.318	0.318
	<u>47.035</u>	<u>43.616</u>
<b>Schedule X - DEFERRED TAX ASSET</b>		
Opening Balance	1.421	1.421
Less : Deferred Tax written off	—	—
	<u>1.421</u>	<u>1.421</u>
<b>Schedule XI - PROFIT &amp; LOSS ACCOUNT</b>		
Opening Balance in Profit & Loss Account [Loss / (Profit)]	22.749	(10.133)
Adj : Net Loss for the previous year	35.216	32.882
	<u>57.966</u>	<u>22.749</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)**

	31.03.2010 Rs. Million	31.03.2009 Rs. Million
<b>Schedule XII - SALES &amp; SERVICE CHARGES</b>		
<b>Domestic :</b>		
<b>Die Casting, Plastic Moulding, Tool Room &amp; Machining Divisions :</b>		
Sale of Dies, Tools & Moulds	13.809	13.193
Sale of Components	147.852	135.911
Service Charges Received	12.145	8.264
	<u>173.806</u>	<u>157.368</u>
Less : Excise Duty	9.228	16.395
Sales Tax	43.945	4.477
	<u>120.633</u>	<u>136.496</u>
<b>Export :</b>		
<b>Die Casting, Plastic Moulding, Tool Room &amp; Machining Divisions :</b>		
Sale of Components	1.966	0.440
Sale of Dies, Tools & Moulds	4.301	12.661
	<u>6.267</u>	<u>13.101</u>
Export Sales (Sub-Total)	6.267	13.101
Total Sales & Service Charges	<u>126.900</u>	<u>149.597</u>
<b>Schedule XIII - INCREASE / (DECREASE) IN STOCK - WIP</b>		
Opening Work-in-Progress	30.818	17.795
Closing Work-in-Progress	27.800	30.818
	<u>(3.018)</u>	<u>13.023</u>
<b>Schedule XIV - RAW MATERIALS CONSUMED</b>		
Opening Stock	5.604	9.145
Add : Purchases of Raw Materials	52.725	80.764
	<u>58.329</u>	<u>89.909</u>
Less : Re-Sale of Raw Material / Sale of Scrap	0.026	0.932
	<u>58.303</u>	<u>88.977</u>
Less : Closing Stock	3.966	5.604
	<u>54.337</u>	<u>83.373</u>

# English Tools and Castings Limited

## SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

	31.03.2010 Rs. Million	31.03.2009 Rs. Million
<b>Schedule XV - EMPLOYEE'S COST</b>		
Pay, Allowances & Exgratia	26.019	22.356
Company's Contribution to PF, ESI & Gratuity Funds	2.706	2.677
Welfare Expenses	0.996	1.146
	<u>29.721</u>	<u>26.179</u>
<b>Schedule XVI - REPAIRS &amp; MAINTENANCE</b>		
Buildings	0.142	0.629
Machinery & Electricals	1.684	2.602
Others	1.248	1.513
	<u>3.074</u>	<u>4.744</u>
<b>Schedule XVII - OTHER EXPENDITURE</b>		
Printing & Stationery Expenses	0.323	0.349
Postage & Telephones	0.438	0.554
Rent, Rates, Duty & Taxes	0.912	0.996
Insurance	0.289	0.341
Bank Charges	0.072	0.465
Travelling & Conveyance	0.352	0.365
Freight & Forwarding	2.460	0.305
Advertisement & Sales Promotion Expenses	0.159	0.677
Bad Debts Written Off	0.059	0.149
Salary to Managing Director	1.500	1.500
Director's Sitting Fees	0.164	0.327
Auditor Fees, Professional Charges, Books & Periodicals	0.920	0.827
Security Service Charges	0.439	0.455
Liquidity Damage & Warranty Claim	0.067	0.044
Miscellaneous Expenses	0.248	0.373
Discount Allowed	0.013	0.036
Purchase Tax	—	0.002
Foreign Exchange Loss / (Gain)	0.997	(0.479)
Loss / (Profit) on Sale of Assets	(0.390)	0.114
	<u>9.022</u>	<u>7.400</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)**

	31.03.2010 Rs. Million	31.03.2009 Rs. Million
<b>Schedule XVIII - OTHER INCOME</b>		
Interest	0.038	0.278
Insurance Claim	—	0.133
Other Receipts	0.083	0.083
Recovery of Bad Debts Written off	0.102	0.100
Sundry Credits Written Back	0.001	1.939
	<u>0.224</u>	<u>2.533</u>

**Schedule XIX - INTEREST & FINANCE CHARGES**

Interest Charges on-		
- Fixed Loans	4.561	5.130
- Other Loans	6.230	10.965
	<u>10.791</u>	<u>16.095</u>

**Schedule XX - PRIOR PERIOD ITEMS**

Export Sales Return of sales made during 2005-06	—	1.952
	<u>—</u>	<u>1.952</u>

## SIGNIFICANT ACCOUNTING POLICIES

### 1) ACCOUNTING CONVENTION:

Accounts have been prepared under Historical Cost Convention on the basis of going concern and in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, wherever applicable.

### 2) FIXED ASSETS AND DEPRECIATION:

Fixed Assets are stated at Historical Cost excluding Cenvat benefit on capital goods.

Depreciation has been provided under the Straight Line Method as per Schedule XIV of the Companies Act, 1956.

At each Balance Sheet date, the carrying amount of assets is tested for impairment.

### 3) VALUATION OF INVENTORIES:

Inventories are valued at lower of cost and Net realizable value. Cost is determined based on weighted average basis.

### 4) REVENUE RECOGNITION:

The Company has been constantly adopting accrual system of accounting for income and expenditure.

### 5) FOREIGN CURRENCY TRANSACTIONS:

Revenue transactions in Foreign Currency are accounted at the rates prevailing at the date of transaction.

Foreign currency assets and liabilities are restated at the exchange rate prevailing on the balance sheet date and any difference on restatement is recognized in the Profit & Loss account.

### 6) EMPLOYEE BENEFITS:

Gratuity and Other Employee Benefits: The liability in respect of gratuity payable to the employees of the company is covered by a scheme of LIC. Accounting of Gratuity and other employee benefits is done as per AS-15 employee benefits.

### 7) BORROWING COSTS:

Borrowing costs are charged to revenue. There are no assets, during the year for which borrowing cost is to be capitalized.

### 8) ACCOUNTING FOR TAXES ON INCOME:

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.

### 9) ACCOUNTING 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, 2010**

**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.

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

All above loans are secured by way of Equitable Mortgage of Land & Building of the Company.

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

**3) FOREIGN EXCHANGE EARNING & OUTGO: (Rs. In Million)**

i. Earnings in Foreign Exchange (FOB)	Rs.	4.765	(Previous Year Rs.13.338)
ii. Outgo in Foreign Currency (CIF)	Rs.	Nil	(Previous Year Rs.6.656)

**4) Remuneration paid to Auditor includes: (Excluding Service Tax)**

Audit Fees	Rs.	1,25,000	(Previous Year Rs.1,25,000)
Taxation Matters	Rs.	9,000	(Previous Year Rs.32,000)
Other Services	Rs.	2,000	(Previous Year Rs.7,750)

**5) Remuneration paid to Directors: (Rs. In Million)**

Salary to Managing Director	Rs.	1.500	(Previous Year Rs.1.500)
Sitting Fees	Rs.	0.164	(Previous Year Rs.0.327)

6) As per the information received from the suppliers regarding their classification, the amount due to Micro, Small & Medium Enterprises is disclosed:

	(Rs. In Million)	
	2009-10	2008-09
Due to Micro, Small & Medium Enterprises		
- Principle due as on year ended	2.675	3.079
- Interest Payable as on year ended	—	—
- Interest Paid during the year	—	—

**7) CONTINGENT LIABILITY:**

a) Estimated amount of contracts remaining to be executed on capital account and not provided for NIL.

b) The following are the disputed claim of Rs.61,60,898/- under sales tax:

i) Claim of Rs.36,40,155/- towards entry tax for goods purchased outside the State of Tamilnadu.

Madras High Court has struck down the Tamil Nadu Tax on Entry of Goods into Local Areas Act, 2001 as violative of clause (a) of Article 304 of the Constitution. Hence the demand is not a contingent liability and therefore no provision is required.

ii) Claim of Rs.20,85,061/- towards sale of tools & dies against concessional rate of tax as ineligible, as tools & dies are neither capital goods nor raw material.

The Eighth Schedule of TNGST Act has clearly specified that tools used with the machineries are eligible for concessional rate of tax. In respect of the same the Company moved to the Madras High Court and obtained order of stay against the demand.

# English Tools and Castings Limited

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

- iii) Claim of Rs.4,35,682/- towards differential tax for sale of machinery purchased against concessional rate within 5 years.

The TNGST Act clearly states that any sale which pertains to sale of whole division/unit of the Company, no such differential tax shall be levied. The Company has sold the press shop division during 2005-06, for which the claim was made. As this pertains to sale of whole division as a going concern, no such levy shall be made. In respect of the same the Company moved the Madras High Court and obtained order of stay against the demand.

Hence, all the above demands are not contingent liability and therefore no provision required.

8. 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:-

Sl.No	Particulars	Units	2009-10	2008-09
I	Licensed Capacity			
	— Die Casting Components	Tonnes	1,200	1,200
	— Tools	Nos.	220	220
	— Injection Moulding Components	Nos.	18 Lakhs	18 Lakhs
II	Installed Capacity			
	— Die Casting Components	Tonnes	1,200	1,200
	— Tools	Nos.	220	220
	— Injection Moulding Components	Nos.	18 Lakhs	18 Lakhs
III	Actual Production (Excl. Labour Basis)			
	— Die Casting Components	Tonnes	515	523
	— Tools	Nos.	21	51
	— Injection Moulding Components	Nos.	6.974 Lakhs	6.243 Lakhs
IV	Quantitative Details – Raw Materials			
	a) Opening Stock			
	— Aluminium & Zinc Ingot	Kgs.	25,686	55,284
	— Plastic granules / ABS polymers etc	Kgs.	17,906	20,567
	b) Purchases			
	— Aluminium & Zinc Ingot	Kgs.	510,399	546,739
	— Plastic granules / ABS polymers etc	Kgs.	72,147	92,169
	c) Closing Stock			
	— Aluminium & Zinc Ingot	Kgs.	21,460	25,686
	— Plastic granules / ABS polymers etc	Kgs.	11,051	17,906
	d) RM Consumption			
	— Aluminium & Zinc Ingot	Kgs.	514,526	576,337
	— Plastic granules / ABS polymers etc	Kgs.	79,002	94,830
	— Aluminium & Zinc Ingots			
	Indigenous (%)		100%	100%
	Import (%)		—	—
	— Plastic granules / ABS polymers			
	Indigenous (%)		100%	100%
	Import (%)		—	—

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

Sl.No	Particulars	Units	2009-10	2008-09
V	Quantitative Details – Finished Goods			
	a) Opening Stock		Nil	Nil
	b) Production (Excluding Labour Basis)			
	— Tools & Dies	Nos.	21	51
	— Aluminium Components	Tonnes	515	523
	— Plastic Components	Nos. in Mn	0.697	0.624
	c) Sales (Excluding Labour Basis)			
	— Tools & Dies	Nos.	21	51
	— Aluminium Components	Tonnes	515	523
	— Plastic Components	Nos. in Mn	0.697	0.624
	d) Closing Stock		Nil	Nil
	e) Sale of Raw Material / Scrap:			
	— Aluminium Scrap	Kgs.	20,070	17,678
	— Plastic Scrap	Kgs.	9,710	14,098
V	CIF value of Imports of the company	Rs. In Mn	—	6.656
VI	FOB value of exports	Rs. In Mn	4.765	13.338
VII	Other expenditure in foreign exchange	Rs. In Mn	—	0.025
9.	Report under AS-15 (Revised 2005)		As on 31.03.2010	As on 31.03.2009
1.	Assumptions			
	Discount Rate		8.0%	8.0%
	Salary Escalation		6.5%	6.5%
2.	Changes in present value of obligations			
	Present value of obligations as at beginning of year		1,735,948	1,444,802
	Interest Cost		138,876	115,584
	Current Service Cost		315,793	304,470
	Benefits paid		(159,691)	264,966
	Actuarial (Gain) / Loss on Obligations		39,064	136,058
	Present value of obligations as at end of year		2,069,990	1,735,948
3.	Changes in fair value of plan assets			
	Fair value of plan assets at beginning of year		1,433,070	1,321,459
	Expected return on plan assets		126,814	104,769
	Contributions		273,365	271,808
	Benefits paid		(159,691)	264,966
	Actuarial Gain / (Loss) on Plan Assets		Nil	Nil
	Fair Value of plan assets at the end of year		1,673,558	1,433,070

# English Tools and Castings Limited

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

	As on 31.03.2010	As on 31.03.2009
4. Fair value of plan assets		
Fair value of plan assets at beginning of year	1,433,070	1,321,459
Actual return on plan assets	126,814	104,769
Contributions	273,365	271,808
Benefits paid	(159,691)	264,966
Fair value of plan assets at the end of year	1,673,558	1,433,070
Funded status	(396,432)	(302,878)
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	Nil	Nil
5. Actuarial Gain/Loss recognized		
Actuarial Gain / (Loss) for the year – Obligations	(39,064)	(136,058)
Actuarial Gain / (Loss) for the year – plan assets	Nil	Nil
Total (Gain) / Loss for the year	39,064	136,058
Actuarial (Gain) / Loss recognized in the year	39,064	136,058
6. The amounts to be recognized in the Balance Sheet		
Present value of obligations as at end of year	2,069,990	1,735,948
Fair Value of plan assets as at the end of the year	1,673,558	1,433,070
Funded Status	(396,432)	(302,878)
Net Asset / (Liability) recognized in Balance Sheet	(396,432)	(302,878)
7. Expenses Recognized in Statement of Profit & Loss		
Current Service Cost	315,793	304,470
Interest Cost	138,876	115,584
Expected return on plan assets	(126,814)	(104,769)
Net Actuarial (Gain) / Loss recognized in the year	39,064	136,058
Expenses recognized in statement of Profit & Loss	366,919	451,343
Addl. Provision towards gratuity	338,713	—

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

## 10. List of Related parties with whom transactions have taken place during the year 2009-10 and Relationship

Holding company : Pricol Limited; Key Management Personnel : Mr. K. Janardhanan; Fellow Subsidiaries : Integral Investments Limited and PT Pricol Surya, Indonesia; Others : Pricol Holdings Limited, Pricol Packaging Limited, Pricol Travel Limited, Pricol Technologies Limited, Pricol Medical Systems Limited, Pricol Properties Limited, Pricol Corporate Services Limited, Xenos Technologies Limited, Synoro Technologies Limited, Penta Enterprises (India) Limited, Ananya Innovations Limited, Vascon Pricol Infrastructures Limited, Prime Agri Solutions (India) Limited, Shanmuga Steel Industries Limited, M and M Enterprises (India) Limited, Bhavani Infin Services India Private Limited, Shrimay Enterprises Private Limited, Sagittarius Investments Private Limited, Carcerano Pricoltech (India) Private Limited, Libra Industries, Leo Industries, Ellargi & Co., Rudra Industries and Bhavani Treads.

Related Party Transactions during the year 2009-10

(Rs. in Million)

	Holding Company		Fellow Subsidiaries		Key Mgmt. Personnel		Others	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Purchase / Labour Charges Paid	11.165	1.749	—	—	—	—	—	0.625
Sales / Job Work Charges Received	12.089	18.556	—	—	—	—	0.21	—
Receiving of Services	0.007	0.070	—	—	1.500	1.525	—	0.073
Receiving of Loan	—	22.000	—	—	—	—	—	—
Payables as at 31.03.2010	3.057	2.571	—	—	1.156	0.085	—	0.142
Receivables as at 31.03.2010	4.393	3.542	—	—	—	—	—	—
Unsecured Loan Outstanding as at 31.03.2010	—	22.000	—	—	—	—	—	—

## 11. Separate segment disclosures are not made as the Company's operations mainly relate to one segment.



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010**

	31-03-2010 Rs. Million	31-03-2009 Rs. Million
<b>A. Cash flow from operating activities:</b>		
Net Profit / (Loss) Before Tax	(35.216)	(32.781)
Adj. : Depreciation	15.021	14.895
(Profit) / Loss on Sale of Assets (Net)	(0.390)	0.114
Interest and Finance charges	10.791	16.095
	<u>25.422</u>	<u>31.104</u>
Operating Profit / (Loss) Before Working Capital changes	(9.794)	(1.677)
Decrease / (Increase) in Trade receivables & Loans and advances	3.305	26.779
Decrease / (Increase) in Inventories	4.920	(8.865)
Increase / (Decrease) in Trade and other payables	4.100	1.306
	<u>12.325</u>	<u>19.220</u>
Cash Inflow / (Outflow) on Operations	2.531	17.543
Taxes paid (including Fringe Benefit Tax)	(0.207)	(0.391)
Net Cash from Operating Activities	<u>2.324</u>	<u>17.152</u>
<b>B. Cash flow from investing activities:</b>		
Purchase of Fixed Assets	(0.890)	(16.374)
Sale of fixed assets	3.039	0.482
	<u>2.149</u>	<u>(15.892)</u>
<b>C. Cash flow from financing activities:</b>		
Secured & Unsecured Loan obtained	8.080	15.658
Interest paid	(11.472)	(16.081)
	<u>(3.392)</u>	<u>(0.423)</u>
Net Increase / (Decrease) in cash and cash equivalents	1.081	0.837
Cash and cash equivalents		
As at 01.04.2008 and 01.04.2009 (Opening Balance)	2.631	1.794
Cash and cash equivalents		
As at 31.03.2009 and 31.03.2010 (Closing Balance)	<u>3.712</u>	<u>2.631</u>

As per our report of date attached  
For Narayan & Dharan  
Chartered Accountants  
ICAI Regn. No.0073715  
K. Badri Narayanan, Partner  
Membership No.024550

Coimbatore, 24th May, 2010

For and on behalf of the Board

Vijay Mohan  
Chairman

K. Janardhanan  
Managing Director

Praveena Dhanagopal  
Company Secretary