

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2007

	Schedule	31-3-2007 Rs. Million	31-3-2006 Rs. Million
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	I	90.000	90.000
Reserves & Surplus	II	1,629.578	1,392.005
		<u>1,719.578</u>	<u>1,482.005</u>
<b>Borrowed Funds</b>			
Secured Loans	III	2,016.809	1,860.976
Unsecured Loans	IV	1,237.530	527.307
		<u>3,254.339</u>	<u>2,388.283</u>
Minority Interest		—	23.800
Deferred Taxation	V	65.770	85.770
		<u>5,039.687</u>	<u>3,979.858</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	VI		
a. Gross Block		4,292.554	3,694.970
b. Less : Accumulated Depreciation		1,887.837	1,582.555
		<u>2,404.717</u>	<u>2,112.415</u>
c. Net Block		270.163	63.700
d. Capital Work-in-Progress		2,674.880	2,176.115
		<u>63.719</u>	<u>130.837</u>
<b>Investments</b>	VII		
Current Assets, Loans and Advances	VIII		
a. Inventories		941.210	795.628
b. Sundry Debtors		1,308.635	1,236.521
c. Cash and Bank Balances		320.947	228.174
d. Loans and Advances		975.273	787.159
		<u>3,546.065</u>	<u>3,047.482</u>
(A)			
Less : Current Liabilities & Provisions	IX		
a. Liabilities		593.114	709.750
b. Provisions		651.863	664.826
		<u>1,244.977</u>	<u>1,374.576</u>
(B)			
Net Current Assets	(A-B)	2,301.088	1,672.906
<b>Total Assets</b>		<u>5,039.687</u>	<u>3,979.858</u>

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

As per our report of date attached  
For SURI & Co.,  
Chartered Accountants  
**C.S. Sathyanarayanan**  
Partner  
Membership No.28328  
Coimbatore, 29th May, 2007

For and on behalf of the Board  
**Vijay Mohan**  
Chairman & Managing Director

**Vanitha Mohan**  
Executive Director

**P. Ravi**  
General Manager  
Finance & Secretarial

**D. Sarath Chandran**  
Director

**T.G. Thamizhanban**  
Company Secretary

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

	Schedule	2006-07 Rs. Million	2005-06 Rs. Million
<b>INCOME</b>			
Net Sales & Services - Domestic		5,004.289	4,354.414
- Export		1,024.940	604.218
<b>Total Sales</b>	X	<b>6,029.229</b>	<b>4,958.632</b>
Increase / (Decrease) in Stock of Finished Goods	XI	(6.852)	(26.400)
Cost of Inhouse Manufactured Machines & Toolings Capitalised		109.585	111.749
		<b>6,131.962</b>	<b>5,043.981</b>
Investment Income		—	0.534
<b>Production Value</b>		<b>6,131.962</b>	<b>5,044.515</b>
<b>EXPENDITURE</b>			
Raw Materials & Components Consumed	XII	3,559.654	2,834.627
Employee's Cost		890.173	803.040
Power & Utilities		146.281	129.801
Stores & Spares Consumed		51.402	41.936
Repairs & Maintenance		109.761	105.882
Other Expenditure		393.547	346.280
<b>Total Expenditure</b>		<b>5,150.818</b>	<b>4,261.566</b>
<b>Profit before Interest, Depreciation &amp; Other Income</b>		<b>981.144</b>	<b>782.949</b>
Add : Other Income	XIII	22.355	62.383
Less : Interest	XIV	188.095	125.381
Depreciation		307.351	267.675
<b>Profit Before Tax</b>		<b>508.053</b>	<b>452.276</b>
Less : Provision for Current Tax		160.745	123.000
: Provision for Fringe Benefit Tax		6.094	9.026
: Provision for Deferred Tax (Asset)		(20.000)	(6.000)
Add : Minority Interest Loss		—	1.060
<b>Profit After Tax</b>		<b>361.214</b>	<b>327.310</b>
Add : Extra-Ordinary Income (Net)		—	29.289
: Balance brought forward		192.273	188.297
<b>Amount available for appropriation</b>		<b>553.487</b>	<b>544.896</b>
<b>APPROPRIATION</b>			
Dividend @ 100% (Previous year 100%)		90.000	90.000
Tax on dividend		15.296	12.623
General Reserve		200.000	250.000
Surplus to be carried over		248.191	192.273
		<b>553.487</b>	<b>544.896</b>
<b>Earnings per Share (Basic) (In Rupees) (Face Value Re.1/-)</b>	XV		
1) Earnings per share before Extra-Ordinary items		4.01	3.64
2) Earnings per share after Extra-Ordinary items		4.01	3.96

Schedules X to XV, Significant Accounting Policies and the Notes on Accounts form part of this Profit & Loss Account.

As per our report of date attached  
For SURI & Co.,  
Chartered Accountants  
**C.S. Sathyanarayanan**  
Partner  
Membership No.28328  
Coimbatore, 29th May, 2007

For and on behalf of the Board  
**Vijay Mohan**  
Chairman & Managing Director

**Vanitha Mohan**  
Executive Director

**P. Ravi**  
General Manager  
Finance & Secretarial

**D. Sarath Chandran**  
Director

**T.G. Thamizhanban**  
Company Secretary

## CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	31-3-2007 Rs. Million	31-3-2006 Rs. Million
<b>Schedule I - SHARE CAPITAL</b>		
<b>Authorised</b>		
100,000,000 Equity Shares of Re.1/- each	100.000	100.000
<b>Issued, Subscribed and Paid-up</b>		
90,000,000 Equity Shares of Re.1/- each (Of the above 37,500,000 Equity Shares of Re.1/- each have been issued as fully paid-up Bonus Shares by Capitalisation of Reserves).	90.000	90.000
<b>Schedule II - RESERVES &amp; SURPLUS</b>		
Share Premium Account	181.000	181.000
<b>General Reserve</b>		
As per last Balance Sheet	1,010.956	760.956
Add : Transfer from Profit & Loss Account	200.000	250.000
Less : Goodwill on aquisition written off	10.376	—
	1,200.580	1,010.956
Foreign Currency Translation Reserve	(0.193)	7.776
<b>Surplus</b>		
Balance in Profit & Loss Account	248.191	192.273
	1,629.578	1,392.005
<b>Schedule III - SECURED LOANS</b>		
<b>From Banks :</b>		
<b>a) Term Loans :</b>		
Rupee Term Loans	339.288	431.700
Foreign Currency Term Loans	1,035.235	648.367
<b>b) Working Capital Borrowings :</b>		
Rupee Cash Credit facilities	163.332	189.055
Foreign Currency Credit facilities	478.954	591.854
	2,016.809	1,860.976
<b>Schedule IV - UNSECURED LOANS</b>		
Fixed Deposits	10.001	57.107
Loan from Banks	1,227.529	470.200
	1,237.530	527.307
<b>Schedule V - DEFERRED TAX LIABILITY</b>		
As per last Balance Sheet	85.770	93.191
For the Current Year	(20.000)	(7.421)
	65.770	85.770

## CONSOLIDATED SCHEDULES (Contd.,)

### Schedule VI - FIXED ASSETS

(Rs. Million)

	Gross Block				Upto 31-3-2006	Depreciation			Net Block	
	Cost as on 1-4-2006	Additions during 2006-07	Sales/trans fer during 2006-07	Balance as on 31-3-2007		For 2006-07	Withdrawn during 2006-07	Total upto 31-3-2007	Written Down as on 31-3-2007	Value as on 31-3-2006
<b>Tangible Assets</b>										
Land	158.972	133.862	20.896	271.938	—	—	—	—	271.938	158.972
Buildings	864.510	139.289	0.182	1,003.617	124.038	31.480	0.012	155.506	848.111	740.472
Plant & Machinery	2,409.135	328.550	8.277	2,729.408	1,304.284	254.809	1.793	1,557.300	1,172.108	1,104.851
Furniture, Fittings & Equipments	45.447	14.221	0.454	59.214	18.030	4.069	0.249	21.850	37.364	27.417
Vehicles	66.835	13.888	12.139	68.584	18.177	6.239	3.615	20.801	47.783	48.658
<b>Total Tangible Assets</b>	<b>3,544.899</b>	<b>629.810</b>	<b>41.948</b>	<b>4,132.761</b>	<b>1,464.529</b>	<b>296.597</b>	<b>5.669</b>	<b>1,755.457</b>	<b>2,377.304</b>	<b>2,080.370</b>
<b>Intangible Assets</b>										
Computer Software	38.190	6.390	—	44.580	18.141	7.913	—	26.054	18.526	20.049
Technical Know-how	111.881	3.332	—	115.213	99.885	6.441	—	106.326	8.887	11.996
<b>Total Intangible Assets</b>	<b>150.071</b>	<b>9.722</b>	<b>—</b>	<b>159.793</b>	<b>118.026</b>	<b>14.354</b>	<b>—</b>	<b>132.380</b>	<b>27.413</b>	<b>32.045</b>
<b>Sub-Total</b>	<b>3,694.970</b>	<b>639.532</b>	<b>41.948</b>	<b>4,292.554</b>	<b>1,582.555</b>	<b>310.951</b>	<b>5.669</b>	<b>1,887.837</b>	<b>2,404.717</b>	<b>2,112.415</b>
Capital Work-in-Progress	63.700	270.163	63.700	270.163	—	—	—	—	270.163	63.700
<b>Total - Assets</b>				<b>4,562.717</b>				<b>1,887.837</b>	<b>2,674.880</b>	<b>2,176.115</b>
Less : Pre-acquisition / Pre-commencement Depreciation						3.600				
Depreciation charged to Profit & Loss Account						307.351				

### Schedule VII - INVESTMENTS

31-3-2007  
Rs. Million

31-3-2006  
Rs. Million

#### A. LONG TERM INVESTMENTS (at Cost)

##### 1. Non-Trade - Quoted :

a) 550,000 Units of Rs.10/- each in Canfortune 94 (Previous year 550,000 Units of GIC Fortune 94)	5.335	5.335
b) 71 Equity Shares of Re.1/- each fully paid-up in TVS Motors Limited	0.001	0.001
c) 50 Equity Shares of Rs.10/- each fully paid-up in Munjial Auto Industries Limited	0.001	0.001
d) 50 Equity Shares of Rs.10/- each fully paid-up in Shivam Autotech Limited	5.337	5.337

##### 2. Non Trade - Unquoted :

199,700 Equity Shares of Rs.10/- each fully paid-up in Synoro Technologies Limited	1.997	0.494
(Previous year 49,400 Equity Shares of Rs.10/- each)	1.997	0.494

##### 3. Investment in Associates

a. 720,000 Equity Shares of Rs.10/- each fully paid-up in Pricol Technologies Limited	7.200	7.200
b. 3,190 Equity Shares of Rs.100/- each fully paid-up in Shanmuga Steel Industries Limited	0.160	0.160
	<b>7.360</b>	<b>7.360</b>

# RECENT



Pricol PT Surya, Jakarta, Indonesia  
(100% Subsidiary)

## NEW SENSORS



Crank Position  
Sensor



Throttle Position  
Sensor



Cam Position  
Sensor



Reed Switch Type  
Fuel Level Sensor for  
Off Highway &  
Heavy Vehicles

Platinum Resistance  
Thermistor  
Temperature Sensor  
(for High Temperatures  
upto 260°C)



Manifold Air Intake  
Temperature Sensor



## OTHER NEW ELECTRONIC PRODUCTS



GSM based Vehicle  
Security System with Immobiliser  
(Activation & Alerts through  
Mobile Phone)



RFID based Immobiliser  
for Enhanced Vehicle Security



GPS based Journey  
Risk Manager for Safe Driving



Digital Tachograph for Driver  
& Vehicle Monitoring



Taxi Fare Meter with Printer

# ADDITIONS



Factory VI – Pantnagar –  
Uttarakand

## NEW ELECTRONIC INSTRUMENT CLUSTERS



Bajaj Auto, India  
(Pulsar)

### Motorcycles & Scooters



TVS Motor, India  
(Apache)

### Other Vehicles



Antonio Carraro, Italy  
(Tractor)



TVS Motor, Indonesia  
(Neo)

### Cars



Renault Mahindra, India (Logan)



Saipa, Iran (Xantia)



General Motors, India  
(Aveo)

## CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2007 Rs. Million	31-3-2006 Rs. Million
<b>Schedule VII - INVESTMENTS (Contd..)</b>		
<b>4. Application Money Paid</b>		
Synoro Technologies Limited	—	0.506
Total (1+2+3+4)	<u>14.694</u>	<u>13.697</u>
Less : Share of Post Acquisition Loss	<u>6.475</u>	<u>7.360</u>
	<u>8.219</u>	<u>6.337</u>
<b>B. CURRENT INVESTMENT (at lower of Cost and Fair Value)</b>		
4,942,780 Units of Reliance Liquidity Fund - Growth Option (Previous year 11,932,312 units)	<u>55.500</u>	<u>124.500</u>
	<u>55.500</u>	<u>124.500</u>
<b>Total Investments (A+B)</b>	<u>63.719</u>	<u>130.837</u>
Aggregate Cost of Quoted Investments (long term)	5.337	5.337
Aggregate Cost of Un-quoted Investments (long term)	2.882	1.000
Aggregate Market Value of Quoted Investments (long term)	16.939	17.369

	31-3-2007 Rs. Million	31-3-2006 Rs. Million
<b>Schedule VIII - CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>a. Inventories (At lower of cost and net realisable value) (As certified by Chairman &amp; Managing Director)</b>		
Stock of Stores & Spares	55.291	42.328
Raw Materials & Components	700.648	563.621
Materials in Transit	0.834	19.209
Work-in-Progress	106.532	85.713
Finished Goods	<u>77.905</u>	<u>84.757</u>
	941.210	795.628
<b>b. Sundry Debtors :</b>		
Unsecured Considered Good		
a) Outstanding for a period exceeding six months	132.650	110.361
b) Others	<u>1,175.985</u>	<u>1,126.160</u>
	1,308.635	1,236.521
Unsecured Considered Doubtful		
	31.567	35.082
Less : Provision for Doubtful Debts	<u>31.567</u>	<u>35.082</u>
	—	—
	1,308.635	1,236.521
<b>c. Cash &amp; Bank Balances :</b>		
Cash on hand	0.485	0.387
Balances with Scheduled Banks		
In Current Account	45.238	11.854
In Unclaimed Dividend Account	4.097	3.305
In Fixed Deposit Account	<u>271.127</u>	<u>212.628</u>
	320.947	228.174

## CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2007 Rs. Million	31-3-2006 Rs. Million
<b>Schedule VIII - CURRENT ASSETS, LOANS AND ADVANCES (Contd.,)</b>		
<b>d. Loans and Advances :</b>		
Advances Recoverable in cash or in kind or for value to be received and considered Good		
Unsecured	376.674	188.294
Less : Provision for Doubtful Advances	3.607	3.607
	<u>373.067</u>	<u>184.687</u>
Deposits	31.378	29.922
Prepaid expenses	10.007	8.331
Tax payments pending adjustment	560.821	564.219
	<u>975.273</u>	<u>787.159</u>
	<u>3,546.065</u>	<u>3,047.482</u>

## Schedule IX - CURRENT LIABILITIES AND PROVISIONS

### a. Liabilities :

Sundry Creditors (Due to Small Scale Industrial Undertakings & Micro, Small and Medium Enterprises is Nil)	566.948	686.474
Interest accrued but not due on loans	12.228	11.139
Due to Chairman & Managing Director	8.889	7.640
<b>Investor Education and Protection Fund - not due :</b>		
Unclaimed Dividend	4.097	3.305
Unclaimed Deposits including Interest	0.952	1.192
	<u>5.049</u>	<u>4.497</u>
	<u>593.114</u>	<u>709.750</u>

### b. Provisions :

For Current Taxation	531.596	553.177
For Fringe Benefit Tax	14.971	9.026
For Dividend	90.000	90.000
For Tax on Dividend	15.296	12.623
	<u>651.863</u>	<u>664.826</u>
	<u>1,244.977</u>	<u>1,374.576</u>

## CONSOLIDATED SCHEDULES (Contd.,)

	2006-07 Rs. Million	2005-06 Rs. Million
<b>Schedule X - INCOME</b>		
<b>Sales &amp; Service Charges</b>		
<b>Domestic Sales &amp; Service Charges</b>		
Sale of Finished Products (Incl. of excise duty and sales tax)	6,109.100	5,277.332
Service Charges	41.057	34.548
Sale of Windmill Power	9.182	7.989
	<u>6,159.339</u>	<u>5,319.869</u>
Less : Excise Duty	842.909	712.399
Sales Tax	296.886	236.339
Discount & Commission on Sales	15.255	16.717
	<u>5,004.289</u>	<u>4,354.414</u>
<b>Export Sales</b>		
Sale of Finished Products	1,030.768	610.682
Less : Commission on Export Sales	5.828	6.464
	<u>1,024.940</u>	<u>604.218</u>
	<u>6,029.229</u>	<u>4,958.632</u>
<b>Schedule XI - Increase / (Decrease) in Stock of Finished Goods</b>		
Stock at Closing	77.905	84.757
Less : Stock at Opening	84.757	111.157
	<u>(6.852)</u>	<u>(26.400)</u>
<b>Schedule XII - EXPENDITURE</b>		
<b>RAW MATERIALS &amp; COMPONENTS CONSUMED</b>		
<b>Opening Stock</b>		
a) Raw Materials & Components	582.830	527.308
b) Work-in-Progress	85.713	92.283
	<u>668.543</u>	<u>619.591</u>
Add : Purchases	3,755.001	2,914.656
	<u>4,423.544</u>	<u>3,534.247</u>
<b>Less : Closing Stock</b>		
a) Raw Materials & Components	701.482	582.830
b) Work-in-Progress	106.532	85.713
	<u>808.014</u>	<u>668.543</u>
	<u>3,615.530</u>	<u>2,865.704</u>
Less : Sale of Raw Materials & Scrap	124.942	93.513
Add : Direct Expenses	69.066	62.436
	<u>3,559.654</u>	<u>2,834.627</u>

Includes materials consumed for In-house Manufacture of Machines & Toolings of Rs.74.724 million for 2006-07 (Rs.71.259 million for 2005-06)

## CONSOLIDATED SCHEDULES (Contd.,)

	2006-07 Rs. Million	2005-06 Rs. Million
<b>Schedule XII - EXPENDITURE (Contd.,)</b>		
<b>EMPLOYEE'S COST</b>		
a) Pay, Allowances, Performance Reward & Bonus	782.663	698.587
b) Company's Contribution to Provident, Superannuation and Gratuity Funds	41.968	48.575
c) Welfare Expenses	65.542	55.878
	890.173	803.040
<b>REPAIRS AND MAINTENANCE</b>		
Machinery	73.766	75.517
Building	24.660	19.776
Others	11.335	10.589
	109.761	105.882
<b>OTHER EXPENDITURE</b>		
Printing & Stationery	11.457	12.641
Postage, Telegram and Telephone	14.101	14.494
Rent	7.999	9.104
Rates, Taxes & Licence	22.732	23.135
Insurance	15.038	13.420
Bank Charges	7.972	6.860
Travelling & Conveyance	71.576	61.795
Freight & Forwarding	142.184	96.303
Advertisement, Publicity & Sales Promotion	14.411	21.785
Royalty	40.532	33.506
Bad Debts written off	12.382	0.179
Provision for doubtful debts	6.554	(2.738)
Director's Commission	2.636	2.533
Auditor's Remuneration	1.071	0.723
Professional Charges, Books and Periodicals	41.777	31.235
Assets Discarded	—	4.610
Miscellaneous Expenses	5.800	5.925
Donations	17.025	4.000
Net Foreign Exchange (Gain) / Loss	(41.700)	0.007
Share of Post Acquisition Loss in Associates	—	6.763
	393.547	346.280
<b>Schedule XIII - OTHER INCOME</b>		
Interest Received	13.028	14.419
Dividend Received	4.417	4.203
Rent Received	1.621	0.228
Trading Income	2.966	0.201
Sundry Income	2.248	22.128
Profit / (Loss) on Sale of Assets (Net)	(1.925)	21.204
	22.355	62.383

## CONSOLIDATED SCHEDULES (Contd.,)

	2006-07 Rs. Million	2005-06 Rs. Million
<b>Schedule XIV - INTEREST</b>		
On Fixed Loans	90.537	54.731
On Other Loans	97.558	70.650
	<u>188.095</u>	<u>125.381</u>
<b>Schedule XV - EARNINGS PER SHARE (Basic)</b>		
a. Profit After Tax	361.214	327.310
b. Add : Extra-Ordinary Items (Net)	—	29.289
c. Profit After Tax & Extra-Ordinary Items	361.214	356.599
d. Equity Share of Re.1/- each (Nos. in Million)	90.000	90.000
e. Earnings per Share before Extra-Ordinary Items (a/d) (in Rs.)	4.01	3.64
f. Earnings per Share after Extra-Ordinary Items (c/d) (in Rs.)	4.01	3.96

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2007.

### 1. The Subsidiary Companies considered in the Consolidated Financial Statements are:

Sl. No.	Name of the subsidiary	Country of Incorporation	% of Ownership
1	English Tools and Castings Limited	India	100 % (Prev. Yr. 70%)
2	Integral Investments Limited	India	100 %
3	PT Pricol Surya	Indonesia	100 %

### 2. The Associate Companies considered in the Consolidated Financial Statements are:

Sl. No.	Name of the Associate	Country of Incorporation	% of Ownership
1	Pricol Technologies Limited	India	36 % (Prev. Yr. 39.78%)
2	Shanmuga Steel Industries Limited	India	49 %

3. The value of Investments made by the wholly owned subsidiary Company – Integral Investments Limited in the associates Shanmuga Steel Industries Limited and Pricol Technologies Limited has been accounted in compliance with Accounting Standard (AS-23).

4. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

5. Figures have been rounded off to the nearest thousand.

### 6. Re-Structuring :

English Tools and Castings Limited had applied to Honorable High Court, Chennai for restructuring its share capital by way of reduction of capital, from Rs.276.989 million to Rs.79.337 million. The company is expecting the approval within the end of June 2007.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

7. The exchange rate considered for consolidation of foreign subsidiary, PT Pricol Surya is as follows :

As at 31st March 2007      As at 31st March 2006  
(In Indonesian Rupiah)

One Indian Rupee	209.86	200.00
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8. In respect of foreign subsidiary, PT Pricol Surya, since commercial production is yet to commence, all expenditure net of income upto 31st March, 2007 has been capitalised in accordance with Indian Accounting Standards. However in the attached PT Pricol Surya's accounts the same has been charged to Statement of Income as per Indonesian Corporate Law.

9. List of Related parties with whom transactions have taken place during the year 2006-07 and Relationship :

**Key Management Personnel:** Mr. Vijay Mohan, Mrs. Vanitha Mohan, Mr. Viren Mohan and Mr. K. Janardhanan; **Promotee Company :** Terra Agro Technologies Limited; **Others :** Pricol Holdings Limited, Pricol Packaging Limited, Pricol Travel Limited, Pricol Technologies Limited, Pricol Property Development Limited, Prime Agri Solutions (India) Limited, Xenos Technologies Limited, Synoro Technologies Limited, Penta Enterprises (India) Limited, Priana Enterprises India Limited, Pricol Corporate Services Limited, Carcerano Pricoltech (India) Private Limited, Shanmuga Steel Industries Limited, Libra Industries, Leo Industries, Ellargi & Co., and Bhavani Treads.

(Rs. Million)

Nature of Transaction	Promotee Company		Key Mgmt Personnel		Others	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Purchase / Labour Charges paid	—	—	—	—	113.96	79.44
Sales / Job Work Charges received	—	—	—	—	385.19	274.39
Receiving of Services	—	—	11.10	9.31	1.01	1.69
Rendering of Services	—	—	—	—	1.78	6.36
Advances / Investments realised	—	48.17	—	—	—	—
Sale of Assets	—	3.66	—	—	—	—

10. **Other Notes forming part of Accounts:**

These are set out in and under "Schedules and Notes forming part of accounts for the year ended 31st March, 2007" as given in the unconsolidated financial statements of Pricol Limited and its subsidiaries.

## SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

### 1. Principles of consolidation

The consolidated financial statements relate to Pricol Limited ("the Company") and its subsidiary companies. The Consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or losses in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of

acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

- iii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
2. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on Accounting for Investments.
3. **Other Significant Accounting Policies:**  
These are set out under "Notes on Accounts" as given in the Unconsolidated Financial Statements of Pricol Limited and its subsidiaries.

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	2006-07 Rs. Million	2005-06 Rs. Million
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit Before Tax	508.053	452.276
Adjustments for :		
Depreciation	307.351	267.675
Bad debts written off	12.382	0.179
Provision for bad debts	6.554	(2.738)
(Profit) / Loss on Sale of Investments	—	(32.899)
(Profit) / Loss on Sale of Assets	1.925	(7.166)
Interest Income	(13.028)	(14.419)
Interest	188.095	125.381
Other Investment Income	(5.302)	(4.432)
	<u>497.977</u>	<u>331.581</u>
Operating profit before working capital changes	1,006.030	783.857
Adjustments for :		
Trade and other receivables	(282.562)	(482.510)
Inventories	(145.582)	(31.502)
Trade and other payables	(142.076)	33.936
	<u>(570.220)</u>	<u>(480.076)</u>
Cash generated from operations	435.810	303.781
Direct taxes paid	(179.077)	(155.008)
Net Cash Flow from Operating Activities	256.733	148.773
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(860.739)	(1,042.681)
Sale / Transfer of Fixed Assets	34.354	494.068
Interest received	13.028	14.419
Purchase of Investments	(0.997)	(102.500)
Sale of Investments	69.000	49.189
Other Investment Income	4.417	4.432
Net Cash used in Investing Activities	(740.937)	(583.073)
<b>C. Cash Flow from Financing Activities:</b>		
Long term Borrowings	294.456	553.896
Unsecured Loans & Deposits	709.981	98.132
Working Capital Borrowings	(138.623)	177.544
Dividend & Tax on Dividend paid	(101.831)	(127.818)
Interest paid	(187.006)	(101.367)
Net Cash used in Financing Activities	576.977	600.387
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>92.773</b>	<b>166.087</b>
Cash and cash equivalents as at 1.4.2006 and 1.4.2005 (Opening balance)	228.174	62.087
Cash and cash equivalents as at 31.3.2007 and 31.3.2006 (Closing balance)	<u>320.947</u>	<u>228.174</u>

As per our report of date attached  
For SURI & Co.,  
Chartered Accountants  
**C.S. Sathyanarayanan**  
Partner  
Membership No.28328  
Coimbatore, 29th May, 2007

**Vijay Mohan**  
Chairman & Managing Director

**Vanitha Mohan**  
Executive Director

For and on behalf of the Board

**D. Sarath Chandran**  
Director

**P. Ravi**  
General Manager  
Finance & Secretarial

**T.G. Thamizhanban**  
Company Secretary