

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have examined the attached Consolidated Balance Sheet of Pricol Limited ("the Company") and its subsidiaries as at 31st March 2008 and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year ended on that date. These Consolidated financial statements are the responsibility of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of an associate and certain subsidiaries whose financial statements reflect total assets of Rs.515.250 million as at 31st March 2008 and total loss of Rs.14.213 million for the year ended on that date. Those financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of those associate and subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the

requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Company and its aforesaid subsidiaries, in our opinion the consolidated financial statements read together with the attached schedules and Note on consolidation and other notes thereon, 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 Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March 2008;
- b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

Coimbatore
29th May 2008

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
Membership No.28328

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 recognized 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.



CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2008

	Schedule	31-3-2008 Rs. Million	31-3-2007 Rs. Million
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	90.000	90.000
Reserves & Surplus	II	1,767.455	1,629.578
		<u>1,857.455</u>	<u>1,719.578</u>
Borrowed Funds			
Secured Loans	III	3,192.958	2,016.809
Unsecured Loans	IV	327.971	1,057.792
		<u>3,520.929</u>	<u>3,074.601</u>
Deferred Tax Liability	V	29.921	65.770
Total capital employed		<u>5,408.305</u>	<u>4,859.949</u>
APPLICATION OF FUNDS			
Fixed Assets			
a. Gross Block	VI	4,951.576	4,312.851
b. Less : Accumulated Depreciation		2,232.728	1,887.837
		<u>2,718.848</u>	<u>2,425.014</u>
c. Net Block			2,425.014
d. Capital Work-in-progress		206.491	249.866
		<u>2,925.339</u>	<u>2,674.880</u>
Investments	VII	18.772	63.719
Current Assets, Loans and Advances			
a. Inventories	VIII	1,779.806	941.210
b. Sundry Debtors		1,628.926	1,308.635
c. Cash and Bank Balances		78.747	320.947
d. Loans and Advances		770.463	975.273
		<u>4,257.942</u>	<u>3,546.065</u>
(A)			
Less : Current Liabilities & Provisions			
a. Liabilities	IX	1,369.317	772.852
b. Provisions		424.431	651.863
		<u>1,793.748</u>	<u>1,424.715</u>
(B)			
Net Current Assets	(A-B)	<u>2,464.194</u>	<u>2,121.350</u>
Total Assets		<u>5,408.305</u>	<u>4,859.949</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 2008

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

For and on behalf of the Board

P. Ravi
General Manager
Finance & Secretarial

D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Schedule	2007-08 Rs. Million	2006-07 Rs. Million
INCOME			
Net Sales & Services - Domestic		5,074.184	5,004.289
- Export		1,249.557	1,024.940
Total Sales	X	6,323.741	6,029.229
Increase / (Decrease) in Stock of Finished Goods	XI	240.764	(6.852)
Cost of Inhouse Manufactured Machines & Toolings Capitalized		129.430	109.585
Production Value		6,693.935	6,131.962
EXPENDITURE			
Raw Materials & Components Consumed	XII	4,020.172	3,559.654
Employees' Cost		944.403	890.173
Power & Utilities		178.661	146.281
Stores & Spares Consumed		77.505	51.402
Repairs & Maintenance		146.978	109.761
Other Expenditure		534.487	395.472
Total Expenditure		5,902.206	5,152.743
Profit before Interest, Depreciation & Other Income		791.729	979.219
Add : Other Income	XIII	77.918	24.280
Less : Interest & Finance Charges	XIV	314.827	188.095
Depreciation		349.707	307.351
Profit Before Tax		205.113	508.053
Less : Provision for Current Tax		50.275	160.745
: Provision for Fringe Benefit Tax		7.616	6.094
: Provision for Deferred Tax (Asset)		(35.849)	(20.000)
Profit After Tax		183.071	361.214
Add : Balance brought forward		248.191	192.273
Amount available for appropriation		431.262	553.487
APPROPRIATION			
Dividend @ 60% (Previous year 100%)		54.000	90.000
Tax on Dividend @ 16.995%		9.177	15.296
General Reserve		200.000	200.000
Surplus to be carried over		168.085	248.191
		431.262	553.487
Earnings per Share (Basic/Diluted) (In Rupees) (Face Value Rs.1/-)	XV	2.03	4.01

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 2008

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

	31-3-2008 Rs. Million	31-3-2007 Rs. Million
Schedule I - SHARE CAPITAL		
Authorised		
100,000,000 Equity Shares of Re.1/- each	100.000	100.000
Issued, Subscribed and Paid-up		
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
Schedule II - RESERVES & SURPLUS		
Share Premium Account	181.000	181.000
General Reserve		
As per last Balance Sheet	1,200.580	1,010.956
Add : Transfer from Profit & Loss Account	200.000	200.000
Less : Goodwill on aquisition written off	—	10.376
	1,400.580	1,200.580
Foreign Currency Translation Reserve	17.790	(0.193)
Surplus		
Balance in Profit & Loss Account	168.085	248.191
	1,767.455	1,629.578
Schedule III - SECURED LOANS		
From Banks :		
a) Term Loans :		
Rupee Term Loans	1,477.065	339.288
Foreign Currency Term Loans	610.252	1,035.235
b) Working Capital Borrowings :		
Rupee Cash Credit facilities	366.409	163.332
Foreign Currency Credit facilities	739.232	478.954
	3,192.958	2,016.809
Schedule IV - UNSECURED LOANS		
Fixed Deposits	—	10.001
Loan from Banks	327.971	1,047.791
	327.971	1,057.792
Schedule V - DEFERRED TAX LIABILITY		
Deferred Tax Liability	29.921	65.770
	29.921	65.770

CONSOLIDATED SCHEDULES (Contd.,)

Schedule VI - FIXED ASSETS

(Rs. Million)

	Gross Block				Upto 31-3-2007	Depreciation			Net Block	
	Cost as on 1-4-2007	Additions during 2007-08	Sales/trans- fer during 2007-08	Balance as on 31-3-2008		For 2007-08	Withdrawn during 2007-08	Total upto 31-3-2008	Written Down as on 31-3-2008	Value as on 31-3-2007
Tangible Assets										
Land	271.938	7.284	106.541	172.681	—	—	—	—	172.681	271.938
Buildings	1,003.617	113.353	3.576	1,113.394	155.505	37.869	—	193.375	920.019	845.111
Plant & Machinery	2,749.705	554.151	0.811	3,303.045	1,557.300	283.337	2.557	1,838.080	1,464.965	1,192.405
Furniture, Fittings & Equipments	59.214	9.312	—	68.526	21.050	5.228	—	27.078	41.448	37.364
Vehicles	65.564	51.430	7.119	112.895	20.801	8.846	2.259	27.388	85.507	47.703
Total Tangible Assets	4,153.058	735.530	110.047	4,770.541	1,755.457	335.280	4.816	2,085.921	2,684.620	2,397.601
Intangible Assets										
Computer Software	44.580	12.409	—	56.989	26.054	10.015	—	36.069	20.920	15.526
Technical Know-how	115.213	8.833	—	124.046	106.325	4.412	—	110.738	13.308	8.587
Total Intangible Assets	159.793	21.242	—	181.035	132.380	14.427	—	146.807	34.228	27.413
Sub-Total	4,312.851	756.772	110.047	4,951.576	1,887.837	349.707	4.816	2,232.728	2,718.848	2,425.014
Capital Work-in-progress	249.866	199.245	242.621	206.491	—	—	—	—	206.491	249.866
Total - Assets				5,158.067				2,232.728	2,925.339	2,674.880

Schedule VII - INVESTMENTS

31-3-2008
Rs. Million

31-3-2007
Rs. Million

A. LONG TERM INVESTMENTS (at Cost)

1. Non-Trade - Quoted :

a) 550,000 Units of Rs.10/- each in Canfortune 94	—	5.335
b) 600 Equity Shares of Rs.2/- each fully paid-up in GMR Infrastructure Fund	0.143	—
c) 200 Equity Shares of Rs.10/- each fully paid-up in Mahindra & Mahindra	0.137	—
d) 200 Equity Shares of Rs.10/- each fully paid-up in Cholamandalam DBS Financial Services	0.062	—
e) 125 Equity Shares of Rs.10/- each fully paid-up in Tata Motors Limited	0.089	—
f) 75 Equity Shares of Rs.10/- each fully paid-up in ICICI Bank Limited	0.080	—
g) 71 Equity Shares of Re.1/- each fully paid-up in TVS Motors Limited	0.001	0.001
h) 55 Equity Shares of Rs.10/- each fully paid-up in Bharat Heavy Electricals Limited	0.132	—
i) 50 Equity Shares of Rs.10/- each fully paid-up in Munjal Auto Industries Limited	0.001	0.001
j) 50 Equity Shares of Rs.10/- each fully paid-up in Shivam Autotech Limited		
k) 40 Equity Shares of Rs.10/- each fully paid-up in Larsen & Toubro Limited	0.157	—



CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2008 Rs. Million	31-3-2007 Rs. Million
Schedule VII - INVESTMENTS (Contd..)		
l) 40 Equity Shares of Rs.10/- each fully paid-up in State Bank of India	0.095	—
m) 29,276 Units of DSP Merrill Lynch TIGER Fund - Dividend Option	1.000	—
n) 17,573 Units of HDFC Equity Fund - Dividend Option	1.000	—
o) 37,344 Units of ICICI Prudential Infrastructure Fund - Dividend Reinvestment	0.743	—
p) 36,538 Units of JM Basic Fund - Dividend Plan	1.120	—
q) 17,937 Units of Reliance Diversified Power Sector Fund - Dividend Plan	1.000	—
r) 7,362 Units of Reliance Vision Fund - Dividend Plan	0.500	—
	<u>6.260</u>	<u>5.337</u>
2. Non Trade - Unquoted :		
a. 199,700 Equity Shares of Rs.10/- each fully paid-up in Synoro Technologies Limited	1.997	1.997
b. 720,000 Equity Shares of Rs.10/- each fully paid-up in Pricol Technologies Limited	7.200	—
	<u>9.197</u>	<u>1.997</u>
3. Investment in Associates		
a. 720,000 Equity Shares of Rs.10/- each fully paid-up in Pricol Technologies Limited	—	7.200
b. 3,190 Equity Shares of Rs.100/- each fully paid-up in Shanmuga Steel Industries Limited	0.160	0.160
c. 400,000 Equity Shares of Rs.10/- each fully paid-up in Ananya Innovations Limited	4.000	—
	<u>4.160</u>	<u>7.360</u>
4. Application Money Paid		
State Bank of India - Rights Issue	0.016	—
Total (1+2+3+4)	<u>19.633</u>	<u>14.694</u>
Less : Share of Post Acquisition Loss	0.861	6.475
	<u>18.772</u>	<u>8.219</u>
B. CURRENT INVESTMENT (at lower of Cost and Fair Value)		
4,942,780 Units of Reliance Liquidity Fund - Growth Option	—	55.500
	—	<u>55.500</u>
Total Investments (A+B)	<u>18.772</u>	<u>63.719</u>
Aggregate Cost of Quoted Investments (long term)	6.260	5.337
Aggregate Cost of Un-quoted Investments (long term)	12.512	2.882
Market Value of Quoted Investments (long term)	4.260	16.939

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2008 Rs. Million	31-3-2007 Rs. Million
Schedule VIII - CURRENT ASSETS, LOANS AND ADVANCES		
a. Inventories (At lower of cost and net realisable value) (As certified by Chairman & Managing Director)		
Stock of Stores & Spares	32.001	55.291
Raw Materials & Components	1,068.067	700.648
Materials in Transit	15.181	0.834
Work-in-progress	237.736	106.532
Finished Goods	318.669	77.905
Land - Stock in Trade	108.152	--
	<u>1,779.806</u>	<u>941.210</u>
b. Sundry Debtors :		
Unsecured Considered Good		
a) Outstanding for a period exceeding six months	317.351	132.650
b) Others	1,311.575	1,175.985
	<u>1,628.926</u>	<u>1,308.635</u>
Unsecured Considered Doubtful		
	24.249	31.567
Less : Provision for Doubtful Debts	24.249	31.567
	<u>—</u>	<u>—</u>
	<u>1,628.926</u>	<u>1,308.635</u>
c. Cash & Bank Balances :		
Cash on hand		
	0.663	0.485
Balances with Scheduled Banks		
In Current Account	49.442	45.238
In Unclaimed Dividend Account	4.894	4.097
In Fixed Deposit Account	23.748	271.127
	<u>78.747</u>	<u>320.947</u>
d. Loans and Advances :		
Advances Recoverable in cash or in kind or for value to be received and considered Good		
Unsecured		
	349.507	376.674
Less : Provision for Doubtful Advances	3.607	3.607
	<u>345.900</u>	<u>373.067</u>
Deposits		
	33.495	31.378
Prepaid expenses		
	7.967	10.007
Tax payments pending adjustment		
	383.101	560.821
	<u>770.463</u>	<u>975.273</u>
	<u>4,257.942</u>	<u>3,546.065</u>



CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2008 Rs. Million	31-3-2007 Rs. Million
Schedule IX - CURRENT LIABILITIES AND PROVISIONS		
a. Liabilities :		
Sundry Creditors (Due to Micro, Small and Medium Enterprises is Rs.13.839 Mn) (Previous year Rs.34.971 Mn)	1,334.674	746.686
Interest accrued but not due on loans	23.870	12.228
Due to Chairman & Managing Director and Executive Director	5.279	8.889
Investor Education and Protection Fund - not due :		
Unclaimed Dividend	4.894	4.097
Unclaimed Deposits including Interest	0.600	0.952
	<u>5.494</u>	<u>5.049</u>
	<u>1,369.317</u>	<u>772.852</u>
b. Provisions :		
For Current Taxation	338.667	531.596
For Fringe Benefit Tax	22.587	14.971
For Dividend	54.000	90.000
For Tax on Dividend	9.177	15.296
	<u>424.431</u>	<u>651.863</u>
	<u>1,793.748</u>	<u>1,424.715</u>
Schedule X - INCOME		
	2007-08 Rs. Million	2006-07 Rs. Million
Sales & Service Charges		
Domestic Sales & Service Charges		
Sale of Finished Products (Incl. of Excise Duty and Sales Tax)	6,230.137	6,109.100
Service Charges	53.710	41.057
Sale of Windmill Power	6.462	9.182
	<u>6,290.309</u>	<u>6,159.339</u>
Less : Excise Duty	940.735	842.909
: Sales Tax	258.010	296.886
: Discount & Commission on Domestic Sales	17.380	15.255
	<u>5,074.184</u>	<u>5,004.289</u>
Export Sales		
Sale of Finished Products (Incl. of Excise Duty)	1,299.251	1,030.768
Less : Excise Duty	44.521	—
: Commission on Export Sales	5.173	5.828
	<u>1,249.557</u>	<u>1,024.940</u>
	<u>6,323.741</u>	<u>6,029.229</u>

CONSOLIDATED SCHEDULES (Contd.,)

	2007-08 Rs. Million	2006-07 Rs. Million
Schedule XI - Increase / (Decrease) in Stock of Finished Goods		
Stock at Closing	318.669	77.905
Less : Stock at Opening	<u>77.905</u>	<u>84.757</u>
	<u>240.764</u>	<u>(6.852)</u>
Schedule XII - EXPENDITURE		
RAW MATERIALS & COMPONENTS CONSUMED		
Opening Stock		
a) Raw Materials & Components	701.482	582.830
b) Work-in-Progress	<u>106.532</u>	<u>85.713</u>
Add : Purchases	<u>808.014</u> 4,602.170	<u>668.543</u> 3,755.001
	<u>5,410.184</u>	<u>4,423.544</u>
Less : Closing Stock		
a) Raw Materials & Components	1,083.248	701.482
b) Work-in-Progress	<u>237.736</u>	<u>106.532</u>
	<u>1,320.984</u>	<u>808.014</u>
	4,089.200	3,615.530
Less : Sale of Raw Materials & Scrap	166.292	124.942
Add : Direct Expenses	<u>97.264</u>	<u>69.066</u>
Total Raw Materials & Components Consumed	<u>4,020.172</u>	<u>3,559.654</u>
Includes materials consumed for In-house Manufacture of Machines & Toolings of Rs.110.830 Mn for 2007-08 (Rs.74.724 Mn for 2006-07)		
EMPLOYEES' COST		
a) Pay, Allowances, Performance Reward & Bonus	820.608	796.673
b) Company's Contribution to Provident, Superannuation and Gratuity Funds	53.624	41.968
c) Welfare Expenses	<u>70.171</u>	<u>51.532</u>
	<u>944.403</u>	<u>890.173</u>
REPAIRS AND MAINTENANCE		
Machinery	95.738	73.766
Building	32.488	24.660
Others	<u>18.752</u>	<u>11.335</u>
	<u>146.978</u>	<u>109.761</u>



CONSOLIDATED SCHEDULES (Contd.,)

	2007-08 Rs. Million	2006-07 Rs. Million
Schedule XII - EXPENDITURE (Contd.,)		
OTHER EXPENDITURE		
Printing & Stationery	13.446	11.457
Postage, Telegram and Telephone	17.145	14.101
Rent	8.389	7.999
Rates, Taxes & Licence	55.049	22.732
Insurance	10.477	15.038
Bank Charges	9.352	7.972
Travelling & Conveyance	104.063	71.576
Freight & Forwarding	191.958	142.184
Advertisement, Publicity & Sales Promotion	24.365	14.411
Royalty	53.093	40.532
Bad Debts written off	11.377	12.382
Provision for doubtful debts (Net)	(7.317)	6.554
Director's Commission / Sitting Fee	2.613	2.636
Auditor's Remuneration	1.507	1.071
Professional Charges, Books and Periodicals	49.392	41.777
Net Foreign Exchange (Gain)	(20.924)	(41.700)
Miscellaneous Expenses	10.133	5.800
Donations	0.635	17.025
(Profit) / Loss on Sale of Assets (Net)	(0.266)	1.925
	<u>534.487</u>	<u>395.472</u>
Schedule XIII - OTHER INCOME		
Interest Received	19.062	13.028
Income from Mutual Funds	16.185	4.417
Rent Received	4.089	1.621
Trading Income	2.717	2.966
Sundry Income	17.984	1.363
Export Incentives	12.267	—
Share in Profit / (Loss) of Associates	5.614	0.885
	<u>77.918</u>	<u>24.280</u>
Schedule XIV - INTEREST & FINANCE CHARGES		
Interest on Fixed Loans	110.408	88.765
Interest on Other Loans	189.698	97.558
Finance Charges	14.721	1.772
	<u>314.827</u>	<u>188.095</u>
Schedule XV - EARNINGS PER SHARE (Basic / Diluted)		
a. Profit After Tax	183.071	361.214
b. Equity Share of Re.1/- each (Nos. in Mn)	90.000	90.000
c. Earnings per Share (a/b) (in Rs.)	2.03	4.01

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2008.

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

S. No.	Name of the Subsidiary	Country of Incorporation	% of Ownership
1	English Tools and Castings Limited	India	100 %
2	Integral Investments Limited	India	100 %
3	PT Pricol Surya	Indonesia	100 %

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

S. No.	Name of the Associate	Country of Incorporation	% of Ownership
1	Shanmuga Steel Industries Limited	India	49 %
2	Ananya Innovations Limited	India	40 % (Prev. Yr Nil)
3	Pricol Technologies Limited	India	Nil (Prev. Yr 36%)

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

4. Re-Structuring :

English Tools and Castings Limited had obtained approval from the Honourable High Court, Chennai and restructured its share capital by way of reduction of capital, from Rs.276.989 Mn to Rs.79.337 Mn.

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

	As at 31st March 2008 (In Indonesian Rupiah)	As at 31st March 2007
One Indian Rupee	230.57	209.86

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

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

8. As per the information received from the Suppliers regarding their classification the amount due to Micro, Small and Medium Enterprises is disclosed.

	Rs. Million	
	2007-08	2006-07
Due to Micro, Small and Medium Enterprises		
— Principal due at the year end	13.839	34.971
— Interest payable at the year end	—	—
— Interest paid during the year	0.220	0.424

9. List of Related parties with whom transactions have taken place during the year 2007-08 and Relationship :

Key Management Personnel: Mr. Vijay Mohan, Mrs. Vanitha Mohan, Mr. Viren Mohan and Mr. K. Janardhanan; **Others:** Pricol Holdings Limited, Pricol Packaging Limited, Pricol Travel Limited, Pricol Technologies 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, Priana Enterprises India Limited, Prime Agri Solutions (India) Limited, Shanmuga Steel Industries Limited, Carcerano Pricoltech (India) Private Limited, Libra Industries, Leo Industries, Ellargi & Co., Rudra Industries and Bhavani Treads. (Rs. Million)

Nature of Transaction	Key Mgmt Personnel		Others	
	2007-08	2006-07	2007-08	2006-07
Purchase / Labour Charges paid	—	—	256.496	113.961
Sales / Job Work Charges received	—	—	472.308	385.194
Receiving of Services	9.363	11.101	8.142	1.007
Rendering of Services	—	—	4.894	1.783

10. Other Notes forming part of Accounts :

These are set out in and under "Notes forming part of accounts for the year ended 31st March 2008" as given in the unconsolidated financial statements of Pricol Limited.



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

	2007-08 Rs. Million	2006-07 Rs. Million
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	205.113	508.053
Adjustments for :		
Depreciation	349.707	307.351
Bad debts written off	11.377	12.382
Provision for Doubtful debts (Net)	(7.317)	6.554
Effect of Exchange Rate change	17.983	(7.969)
(Profit) / Loss on Sale of Assets	(0.266)	1.925
Interest received	(19.062)	(13.028)
Interest paid	314.827	188.095
Other Investment Income	(21.799)	(5.302)
	<u>645.450</u>	<u>490.008</u>
Operating profit before working capital changes	850.563	998.061
Adjustments for :		
Trade and other receivables	(297.261)	(282.562)
Inventories	(738.512)	(145.582)
Trade and other payables	584.378	(84.964)
	<u>(451.395)</u>	<u>(513.108)</u>
Cash generated from operations	399.168	484.953
Direct taxes paid	(65.484)	(179.077)
Net Cash from Operating Activities	333.684	305.876
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(706.940)	(860.739)
Sale of Fixed Assets	6.956	34.354
Interest received	19.062	13.028
Purchase of Investments	(10.274)	(0.997)
Sale of Investments	60.835	69.000
Other Investment Income	16.185	4.417
Net Cash used in Investing Activities	(614.176)	(740.937)
C. Cash Flow from Financing Activities:		
Long term Borrowings	712.794	294.456
Unsecured Loans & Deposits	(730.173)	660.838
Working Capital Borrowings	463.355	(138.623)
Dividend & Tax on Dividend paid	(104.499)	(101.831)
Interest paid	(303.185)	(187.006)
Net Cash from Financing Activities	38.292	527.834
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(242.200)	92.773
Cash and cash equivalents as at 1.4.2007 and 1.4.2006 (Opening balance)	320.947	228.174
Cash and cash equivalents as at 31.3.2008 and 31.3.2007 (Closing balance)	<u>78.747</u>	<u>320.947</u>

As per our report of date attached
For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
Membership No.28328
Coimbatore, 29th May 2008

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

For and on behalf of the Board

P. Ravi
General Manager
Finance & Secretarial

D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary

Disclosure of Information relating to the Subsidiary Companies as required by the Ministry of Corporate Affairs, Government of India vide their approval letter No.47/157/2008-CL-III dated 2nd June 2008.

Particulars	Integral Investments Ltd	PT Pricol Surya	English Tools and Castings Ltd
			2007-08 Rs. Million
a) Share Capital	22.500	65.771	79.337
b) Reserves & Surplus	0.815	(1.312)	10.134
c) Total Assets	23.323	256.830	238.116
d) Total Liabilities	23.323	256.830	238.116
e) Details of Investments **	19.632	—	—
f) Net Sales & Services including other income	0.502	86.789	248.403
g) Profit / (Loss) Before Tax	0.486	(24.575)	5.262
h) Provision for Taxation	(0.351)	(5.849)	0.742
i) Profit / (Loss) After Tax	0.837	(18.726)	4.520
j) Proposed Dividend	—	—	—
k) Reporting Currency*	Indian Rupee (INR)	Indonesian Rupiah (IDR)	Indian Rupee (INR)

* The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rate.

The exchange rate as at 31st March 2008 : 1 INR = 230.57 IDR.

** Excluding investment in subsidiaries.

