

## ANNUAL REPORT 2004

### CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2004

	2003-04 Rs. Millions	2002-03 Rs. Millions
<b>SOURCES OF FUNDS</b>		
<b>Share holders funds</b>		
Share Capital	60.000	
Reserve & Surplus	906.063	966.63
		<u>110.190</u>
<b>Deffered taxation</b>		
<b>Borrowed Funds</b>		
Secured	923.686	
Unsecured	270.638	
		<u>1,194.324</u>
Total capital employed		<u>2270.577</u>
<b>APPLICATION OF FUNDS</b>		
Fixed Assets		
a. Gross block	2241.946	
b. Less : Depreciation	1044.055	
		<u>1197.891</u>
c. Net block		8.501
d. Capital Work-in-progress		<u>1206.392</u>
		87.384
Investments*		1666.985
Current Assets, Loans and Advances	690.184	
Less : Current Liabilities & Provisions		<u>976.801</u>
Total Assets		<u>2270.577</u>

\* Refer Note No.1 & 2 to Consolidated Financial Statements

As per our report of date attached

For and on behalf of the Board

Coimbatore  
2004





## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH 2004

- As required by the Accounting Standard (AS-23) on Accounting for investment in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accounts of India, the Carrying amount of Investments at the beginning of the year in Associates - Shanmuga Steel Industries Limited & Pricol Finance Limited have been restated by applying "Equity Method" of accounting. Such restatement has resulted in a-
  - Goodwill of Rs. 0.108 million in the case of investments in Shanmuga Steel Industries Limited.
  - Capital reserve of Rs.0.159 million in the case of Investments in Pricol Finance Limited. The above restatement has resulted in a Capital Reserve (net) of Rs.0.051 million which has been credited to the General Reserves of the Consolidated Financial Statement.
- In compliance with Accounting Standard (AS-23), the value of investments made by the wholly owned Subsidiary Company - Integral Investments Limited in the associates:

Shanmuga Steel Industries Limited has been arrived at Rs. 0132 million against the cost of Rs. 0160 million by taking into consideration the Post acquisition to he date of Balance Sheet (31.03.2003).

Pricol Finance Limited has been arrived at Rs. 2.515 million against the cost of Rs. 1.125 million by taking into consideration the Post acquisition Profits from the date of acquisition to the date of Balance Sheet (31.03.2003).

The above reinstatement has resulted in a Profit (net) of Rs. 1.362 million, which has been credited to the Profit & Loss Account of the Consolidated Financial Statement.
- As this is the first year of adoption of Accounting Standard (AS - 23) on Accounting for Investments in Associates in Consolidated Financial Statements, figures for the previous year are therefore not comparable to that extent.
- Other Notes and Schedules forming part of Accounts:

These are set out in and under "Schedules" & "Notes forming part of accounts for the year ended 31st March, 2003" as given in the Unconsolidated Financial Statements of Premier Instruments & Controls Limited and its wholly owned Subsidiary - Integral Investment Limited.

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

### 1. Principal of Consolidation:

The consolidated financial statements relate to Premier instruments&Controls limited and itswholly subsidiary company integral investments limited.The consolidated financial statements have been prepared on the following basis:

The financial statements of the company and its wholly owned subsidiary company have been consolidated in accordance with Accounting Standered(AS) 21-"Consolidated Financial Statements" issued by the institute of Chartered Accountants of India. In the case of associated where the company directly or indirectly through subsidiaries holds more than 20% of equity,investments in Associates are accounted for using Equity Method in accordance with accounting Standard(AS) 23-" Accounting for investment in Associates in consolidated Financial Statrements" issued by the institute of Chartered Accountants of India.

The company accounts for its share in the change in the net assets of the associates,post acquisition, resulting from transactions between the company and its associates

to the extent if its share,through its profit and loss account to the extent such change is attributable to the associates profit and loss account and through its reserves for the balance,based on the available information.The difference between the cost of investment in the associate and the share of net assestsat the time of acquisition of shares in the associates is identified in the financial statement as Goodwill of Capital Reserve as the case may be.

The consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statement.

- Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on Accounting for investments.
- Other Significant Accounting policies:

These are set out under"Significant Accounting Policies" as given in the Unconsolidated Financial Statement of Premier Instruments and Controls limited and its wholly owned Subsidiaryinbtegral investments Limited.



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004**

	2003-04 Rs. Millions	2002-03 Rs. Millions
<b>A. Cash flow from operating activities:</b>		
Net profit before tax adjustments for :		257.571
Description	188.825	
Security deposit written off	60.000	
Bad debt written off	1.575	
Provision for bad debt	2.585	
Foreign Exchange fluctuation (Net)	12.155	
(Profit) / Loss on sale of assets	(0.335)	
Interest Income	(3.907)	
Interest	105.126	
Lease finance charges	—	
Other investment income	(0.328)	
	<u>365.696</u>	365.696
Operating profit before working capital charges		623.267
Adjustments for :		
Trade and other receiveables	(250.014)	
Inventories	213.604	
Trade payable	(94.129)	
	<u>(130.539)</u>	(130.539)
Cash generated from operations		492.728
Interest paid	(104.960)	
Direct taxes paid	(107.368)	
	<u>(212.328)</u>	(212.328)
Net case flow from operating activities		280.400
<b>B. Cash flow from investing activities:</b>		
Purchase of fixes assets	(287.427)	
Sale/Transfer of fixed assets	10.233	
Interest recived	3.907	
Purchase of investments	(23.107)	
Other investment income	0.328	
	<u>(296.066)</u>	(296.066)
Net cash used in investing activities		
<b>C. Cash Flow from financing activities:</b>		
Debentures	40.000	
Long term borrowings	(149.077)	
Unsecured Loans & deposits	(10.643)	
Working Capital borrowings	173.717	
Lease finance liabilities	—	
Dividends & Tax on Dividend paid	(20.738)	
	<u>33.259</u>	33.259
Net cash used in financing activities		
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>17.593</b>
Cash and cash equivalents as at 1.4.2002 and 1.4.2001 (Operating balance)		82.568
Cash and cash equivalents as at 31.3.2003 and 31.3.2002 Closing balance		<u>100.161</u>

As per our report of date attached

For and on behalf of the Board

Coimbatore  
2004