

## 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	508.127	428.960
Adjustments for :		
Depreciation	295.924	256.600
Bad debts written off	12.277	—
Provision for bad debts	6.554	(2.738)
(Profit) / Loss on sale of assets	1.925	(7.166)
Interest Income	(19.707)	(14.419)
Interest	180.481	121.868
Other investment income	(4.417)	(4.432)
	<u>473.037</u>	<u>349.713</u>
Operating profit before working capital charges	981.164	778.673
Trade and other receivables	(284.735)	(484.704)
Inventories	(134.154)	(15.407)
Trade payables	(231.341)	110.060
	<u>(650.230)</u>	<u>(390.051)</u>
Cash generated from operations	330.934	388.622
Direct taxes paid	(162.562)	(112.009)
Net cash flow from operating activities	168.372	276.613
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(716.154)	(561.023)
Sale of fixed assets	29.267	108.153
Interest received	19.707	14.419
Purchase of investments	(35.000)	(227.907)
Sale of investments	69.000	—
Other investment income	4.417	4.432
Net cash used in investing activities	(628.763)	(661.926)
<b>C. Cash flow from financing activities:</b>		
Long term borrowings	282.937	538.375
Unsecured Loans & Deposits	709.983	99.055
Working Capital borrowings	(167.929)	138.944
Dividend & Tax on Dividend paid	(101.831)	(101.367)
Interest paid	(179.879)	(124.468)
Net cash used in financing activities	543.281	550.539
<b>D. Net increase in cash and cash equivalents (A+B+C)</b>	82.890	165.226
Cash and cash equivalents as at 1.4.2006 and 1.4.2005 (Opening balance)	226.094	60.868
Cash and cash equivalents as at 31.3.2007 and 31.3.2006 (Closing balance)	<u>308.984</u>	<u>226.094</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

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

**D. Sarath Chandran**  
Director

**T.G. Thamizhanban**  
Company Secretary

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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We have examined the attached Consolidated Balance Sheet of **Pricol Limited** ("the Company") and its subsidiaries as at 31st March 2007 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 respects, 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 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.590.425 million as at 31st March, 2007 and total profit of Rs.5.606 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 associates and subsidiaries, is based solely on the report of the other auditor.

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 2007;
- 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 2007

For Suri & Co  
Chartered Accountants  
**C.S. Sathyarayanan**  
Partner  
Membership No.28328