

INTEGRAL INVESTMENTS LIMITED

Board of Directors	Mr. R. Janardhanan Mr. A. Venkatesan Mrs. R.S. Visalam
Auditors	M/s Suri & Co., Chartered Accountants, Coimbatore
Bankers	Andhra bank
Registered Office	702/7, Avanashi Road, Coimbatore - 641 037. India

DIRECTORS' REPORT

Your Directors are pleased to present the Twelfth Annual Report alongwith the Audited Accounts for the year ended 31st March 2006.

Financial Results

During the year, the Company has earned a profit after tax of Rs. 32.96 million.

Dividend

No dividend has been recommended for the financial year ended 31st March 2006.

Directors

Mrs. R.S. Visalam retire by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Auditors

The Auditors of the Company, M/s. Suri & Co., Chartered Accountants, Coimbatore, retire at the ensuing Annual General Meeting and are eligible for reappointment.

Fixed Deposits

The Company has not accepted any fixed deposit from public during the year under review.

Information as per Section 217(1)(e) of the Companies Act, 1956

The Company has no activities relating to conservation of energy or technology absorption. The Company did not

have foreign exchange earnings or outgo during the year under review.

Personnel

Your Company has not employed any person attracting the provisions of Section 217(2A) of the Companies Act, 196 during the period under review.

Directors Responsibility Statement

The Directors confirm:

- that the applicable accounting standards have been followed along with proper explanation wherever required in the preparation of Annual Accounts.
- that the Company has adopted prudent accounting policies.
- that proper care has been taken for maintenance of accounting records in accordance with the provisions of the Act and
- that the Annual Accounts of the Company have been prepared on a going concern basis.

For and on behalf of the Board
R. Janardhanan
A. Venkatesan
Directors

Coimbatore
28th April 2006

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Integral Investments limited, Coimbatore, as at 31st March, 2006 and also the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the period ended on that date. 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 of 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 the management, as well as evaluating the over all 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, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March,

2006 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 2006; and
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date, and

Coimbatore
28th April 2006

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

Annexure to Auditor's Report

1. During the year the company has neither granted loans to nor taken loans from Companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
2. There are no transactions made in pursuance of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.
3. According to the information furnished to us, the Company has an adequate Internal Audit system commensurate with its size and nature of its business.
4. To the best of our knowledge and according to the information and explanations given to us, there are no undisputed amounts of taxes and duties outstanding for a period of more than six months from the date they became payable as on the Balance Sheet date.
5. The accumulated losses of the Company as at the end of the financial year has exceeded 50% of its net worth and the company has not incurred any cash

REPORT OF THE AUDITORS TO THE SHAREHOLDERS (Contd..)

- losses during the financial year covered by our audit and in the immediately preceding financial year.
6. The Company has not defaulted in repayment of its dues to financial institution, banks and debenture holders.
 7. During the year, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
 8. The provisions of Special Statutes applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
 9. The Company has maintained proper records of transactions and contracts in respect of trading in shares and that timely entries have been made there in. All shares have been held by the company in its own name except to the extent of the exemption granted under section 49 of the companies act, 1956.
 10. According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks and financial institutions.
 11. The Company has not obtained any term loan during the year.
 12. According to the information and explanations given to us and on an overall examination of the Source and Application of the Funds of the company, we report that no funds raised on short-term basis have been used for long-term investments by the company.
 13. 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.
 14. The other provisions of the companies (Auditor's Report) order, 2003, do not apply to the company.

Coimbatore
28th April 2006

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

BALANCE SHEET AS AT 31st MARCH, 2006

	31-3-2006 Rs. in '000	31-3-2005 Rs. in '000
SOURCES OF FUNDS		
Share Capital		
Authorised		
37,50,000 Equity Shares of Rs.10/- each	37,500	37,500
Issued, Subscribed & Paid-up		
22,50,000 Equity Share of Rs.10/- each fully paid-up (held by the Holding Company, M/s. Pricol Limited)	22,500	22,500
Reserves & Surplus		
General Reserve		
As per last Balance Sheet	4,282	4,282
Less: Adjusted against debit balance of Profit & Loss Account	4,282	4,282
Statutory Reserve		
As per last Balance Sheet	1,091	1,091
	<u>23,591</u>	<u>23,591</u>
APPLICATION OF FUNDS		
Investments (Long Term) at cost - Schedule I		
	8,362	24,652
Current Assets, Loans and Advances		
I. Current Assets		
Balance with Bank	78	219
Cheques on hand	—	1,000
II. Loans and Advances		
Secured Considered Good		
Advances recoverable in cash or in kind or for value to be received	—	81,752
Due from Holding company	14,422	—
Tax payment-Pending Adjustments	69	69
(A)	<u>14,569</u>	<u>83,040</u>
Less: Current Liabilities and Provisions		
I. Current Liabilities:		
Sundry Creditors	11	73
Due to Holding Company	—	76,855
II. Provisions:		
For Taxation	420	420
For Non Performing Assets	—	40,807
(B)	<u>431</u>	<u>118,155</u>
Net Current Assets (A-B)	14,138	(35,115)
Profit and Loss Account	5,373	38,336
Less: Adjusted against General Reserves	4,282	4,282
	<u>1,091</u>	<u>34,054</u>
	<u>23,591</u>	<u>23,591</u>

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2006

	2005-06 Rs. in '000	2004-05 Rs. in '000
INCOME		
Investment Income		
Dividend	534	720
Profit on sale of shares (Investments)	32,938	5,097
Other Income	20	—
Total	<u>33,492</u>	<u>5,817</u>
EXPENDITURE		
Establishment Charges and other expenses		
	21	13
Auditors Remuneration		
For Audit	8	6
For Certifications etc.,	4	3
For Travelling Expenses	1	1
	<u>13</u>	<u>10</u>
Total	<u>34</u>	<u>23</u>
Profit Before Tax		
	33,458	5,794
Add: Extra ordinary item	(495)	—
	<u>32,963</u>	<u>5,794</u>
Less: Provision for Tax		
	—	420
Profit after Tax	<u>32,963</u>	<u>5,374</u>
Add: Balance brought forward from previous years	(38,336)	(43,710)
Loss carried over	<u>(5,373)</u>	<u>(38,336)</u>
Earning per share (Basic) - Schedule - 2 (in Rs.)		
	<u>14.65</u>	<u>2.39</u>

Schedule 2, Significant Accounting Policies and the Notes on Accounts form part of this Profit and Loss Account.

As per our report of date attached
For SURI & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner, Membership No.28328
Coimbatore, 28th April 2006

For and on behalf of the Board

R. Janardhanan
A. Venkatesan
Directors

SCHEDULE FORMING PART OF ACCOUNTS

	Cost 31-3-2006 Rs. in '000	Cost 31-3-2005 Rs. in '000
Schedule I - INVESTMENTS - LONG TERM		
1. Quoted :		
1,52,476 Equity Shares of Rs.10/- each fully paid-up in Precot Mills Ltd., Coimbatore. (Sold during the year)	—	16,290
71 Equity Shares of Rs.1/- each fully paid-up in TVS Motors Ltd	1	1
100 Equity Shares of Rs.10/- each fully paid-up in Munjal Auto Industries Ltd	1	1
2. Unquoted :		
17,50,000 12.5% Cumulative Non-convertible Preference Shares of Rs.10/- each fully paid-up in Terra Agro Technologies Limited, Coimbatore. (Sold during the year)	—	17,500
5,00,000 14% Cumulative Non-convertible Preference Shares of Rs.10/- each fully paid-up in Terra Agro Technologies Limited, Coimbatore. (Sold during the year)	—	5,000
7,20,000 Equity Shares of Rs.10/- each fully paid-up in Pricol Technologies Ltd., Coimbatore	7,200	7,200
49,400 Equity Shares of Rs.10/- each fully paid in Synoro Technologies Ltd, Coimbatore	494	494
3,190 Equity Shares of Rs.100/- each fully paid-up in Shanmuga Steel Industries Ltd., Coimbatore	160	160
	7,856	46,646

	Cost 31-3-2006 Rs. in '000	Cost 31-3-2005 Rs. in '000
B/d.	7,856	46,646
3. Application money paid		
Synoro Technologies Limited	506	506
	8,362	47,152
Less : Provision for Diminution in Value of Investments	—	22,500
	8,362	24,652

- a. Aggregate cost of Quoted Investments is Rs.0.02 Lacs.
 b. Aggregate Market Value of Quoted Investments is Rs.0.33 Lacs.
 c. Unquoted Investments are taken at cost.

Schedule 2 - EARNINGS PER SHARE (Basic)	2005-06	2004-05
a. Profit After Tax (Rs. in '000)	32,962	5,374
b. Equity Shares of Rs.10/- each (Nos.)	2,250,000	2,250,000
c. Earnings per Share (a/b) (In Rupees)	14.65	2.39

ACCOUNTING POLICIES

- Investments — Long Term**
Investments are stated at Cost.
- Income**
Dividend is accounted as and when declared & received. Other income accounted on accrual basis.
- Expenditure**
Expenses are accounted for on accrual basis.
- Accounting standards prescribed by the Institute of Chartered Accountants of India and NBFC Prudential Norms issued by Reserve Bank of India have been followed wherever applicable.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details			
Registration No. : 5250	State Code : 181	Balance Sheet Date	: 31st March 2006
II. Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	: Nil	Rights Issue	: Nil
Bonus Issue	: Nil	Private Placement	: Nil
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	: 24,023	Total Assets	: 24,023
Sources of Funds		Application of Funds	
Paid-up Capital	: 22,500	Net Fixed Assets	: Nil
Reserves & Surplus	: 1,091	Current Assets	: 14,569
Deferred Tax	: Nil	Accumulated Losses	: 1,091
Secured Loans	: Nil	Investments	: 8,362
Unsecured Loans	: Nil	Misc. Expenditure	: Nil
Current Liabilities	: 432		
IV. Performance of Company (Amount in Rs. Thousands)			
Total Income	: 14,631	Profit / (Loss) After Tax	: 32,962
Total Expenditure	: 35	Earnings per Share (in Rs.)	: 14.65
Profit / (Loss) Before Tax	: 14,596	Dividend rate	: Nil
V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)			

INVESTMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2006

	31-03-2006 Rs. in '000	31-03-2005 Rs. in '000
A. Cash flow from operating activities:		
Net profit before tax and Extraordinary Items	33458	5794
Adjustment for :		
Investment Income	(534)	(720)
(Profit) / Loss on Sale of Investments	(32938)	(5097)
	<u>(33472)</u>	<u>(5817)</u>
Operating profit before working capital changes	(14)	(23)
Other Receivables	67330	(139)
Trade and Other Payables	(117724)	(1295)
	<u>(50394)</u>	<u>(1434)</u>
Cash Generated from Operations	(50408)	(1457)
Extra-ordinary item	(495)	—
Net Cash Flow from Operating activities	<u>(50903)</u>	<u>(1457)</u>
B. Cash flow from investing activities:		
Purchase of Investments	—	(8200)
Sale of Investments	49228	9394
Dividend Received	534	720
	<u>49762</u>	<u>1914</u>
Net Cash flow from Investing activities	49762	1914
Net Increase / (Decrease) in cash and cash Equivalent (A+B)	(1141)	457
Cash and Cash Equivalents as at 1-4-2005 and 1-4-2004 (Opening Balance)	1219	762
Cash and Cash Equivalents as at 31-3-2006 and 31-3-2005 (Closing Balance)	78	1219

As per our report of date attached

For SURI & Co.,

Chartered Accountants

C.S. Sathyanarayanan

Partner, Membership No.28328

Coimbatore, 28th April 2006

For and on behalf of the Board

R. Janardhanan

A. Venkatesan

Directors