

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 2010, and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the period 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 management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not conduct the audit of the financial statements of an associate and certain subsidiaries whose financial statements reflect total assets of Rs.542.799 million as at 31st March 2010 and total loss of Rs.18.984 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, Accounting Standard (AS) 23, Accounting for Investments in Associates in the Consolidated Financial statements, as prescribed under section 211(3C) of the Companies Act, 1956 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 reports 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 2010;
- 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.

For Suri & Co.,
Chartered Accountants
ICAI Regn No.0042835
C.S. Sathyanarayanan, Partner
Membership No.028328

Coimbatore
28th May 2010

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 unrealised profit or losses in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" as prescribed under Section 211(3C) of the Companies Act, 1956.
- 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 standalone Financial Statements of Pricol Limited.

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2010

	Schedule	31-3-2010 Rs. Million	31-3-2009 Rs. Million
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	90.000	90.000
Reserves & Surplus	II	1,574.907	1,397.673
		<u>1,664.907</u>	<u>1,487.673</u>
Loan Funds			
Secured Loans	III	2,785.838	3,278.076
Unsecured Loans	IV	—	120.880
		<u>2,785.838</u>	<u>3,398.956</u>
Total		<u>4,450.745</u>	<u>4,886.629</u>
APPLICATION OF FUNDS			
Fixed Assets			
a. Gross Block	V	5,529.462	5,365.741
b. Less : Accumulated Depreciation		2,960.573	2,598.199
		<u>2,568.889</u>	<u>2,767.542</u>
c. Net Block		35.124	51.469
d. Capital Work-in-progress		<u>2,604.013</u>	<u>2,819.011</u>
Investments	VI	19.379	17.257
Deferred Tax Asset / (Liability)		74.360	54.759
Current Assets, Loans and Advances			
a. Inventories	VII	1,333.641	1,433.973
b. Sundry Debtors		1,845.798	1,578.865
c. Cash and Bank Balances		126.948	54.706
d. Loans and Advances		695.057	705.103
	(A)	<u>4,001.444</u>	<u>3,772.647</u>
Less : Current Liabilities & Provisions	VIII	1,813.902	1,431.246
a. Liabilities		434.549	345.799
b. Provisions		<u>2,248.451</u>	<u>1,777.045</u>
	(B)		
Net Current Assets	(A - B)	1,752.993	1,995.602
Debit Balance in Profit & Loss Account	IX	—	—
Total		<u>4,450.745</u>	<u>4,886.629</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
ICAI Regn. No.004283S
C.S. Sathyanarayanan, Partner
Membership No.028328
Coimbatore, 28th May 2010

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

Vanitha Mohan
Executive Director

D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Schedule	2009-10 Rs. Million	2008-09 Rs. Million
INCOME			
Gross Sales & Services - Domestic		7,375.920	5,891.848
- Export		1,137.262	1,512.643
		8,513.182	7,404.491
Less : Excise Duty and Sales Tax		940.148	1,070.713
Net Sales & Service Charges	X	7,573.034	6,333.778
Increase / (Decrease) in Stock of Finished Goods	XI	(48.291)	(92.294)
Cost of In-house Manufactured Machines & Toolings Capitalised		63.149	119.592
		7,587.892	6,361.076
Production Value			
EXPENDITURE			
Raw Materials & Components Consumed	XII	4,894.589	4,153.543
Employees' Cost		962.428	914.179
Power & Utilities		177.478	188.733
Stores & Spares Consumed		43.483	52.309
Repairs & Maintenance		79.906	117.460
Other Expenditure		481.054	636.872
Total Expenditure		6,638.938	6,063.096
Profit before Interest, Depreciation & Other Income		948.954	297.980
Add : Other Income	XIII	33.729	44.053
Less : Interest & Finance Charges	XIV	338.604	422.118
: Depreciation		377.301	388.736
Profit / (Loss) Before Tax		266.778	(468.821)
Less : Provision for Current Tax		46.771	—
: Provision for Fringe Benefit Tax		—	6.701
: Provision for Deferred Tax (Asset)		(19.601)	(84.680)
Add : Tax Provision for earlier years no longer required written back		—	22.156
Profit / (Loss) After Tax		239.608	(368.686)
Add : Balance brought forward		(200.601)	168.085
Amount available for appropriation		39.007	(200.601)
APPROPRIATION			
Dividend - 40% (Previous year - Nil)		36.000	—
Tax on Dividend @ 16.61%		5.979	—
General Reserve		26.000	—
Surplus / (Deficit) to be carried over		(28.972)	(200.601)
		39.007	(200.601)
Earnings per Share (Basic / Diluted) (In Rupees) (Face Value of Re.1/-)	XV	2.66	(4.10)

Schedule 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 and on behalf of the Board

For Suri & Co.,
Chartered Accountants
ICAI Regn. No.0042835
C.S. Sathyanarayanan, Partner
Membership No.028328
Coimbatore, 28th May 2010

Vijay Mohan
Chairman & Managing Director

D. Sarath Chandran
Director

Vanitha Mohan
Executive Director

T.G. Thamizhanban
Company Secretary

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	31-3-2010 Rs. Million	31-3-2009 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		
Securities Premium Account	181.000	181.000
General Reserve		
As per last Balance Sheet	1,400.580	1,400.580
Add : Transfer from Profit & Loss Account	26.000	—
	1,426.580	1,400.580
Less : Debit Balance in Profit & Loss Account adjusted as per contra	28.972	200.601
	1,397.608	1,199.979
Foreign Currency Translation Reserve	(3.701)	16.694
Surplus		
Balance in Profit & Loss Account	—	—
	1,574.907	1,397.673
Schedule III - SECURED LOANS		
a) Term Loans from Banks :		
- In Rupee	2,023.714	1,894.122
- In Foreign Currency	162.300	442.047
b) Term Loan from Others	15.405	23.663
c) Working Capital Facilities from Banks :		
- In Rupee	152.227	707.268
- In Foreign Currency	432.192	210.976
	2,785.838	3,278.076
Schedule IV - UNSECURED LOANS		
Loan from Banks	—	120.880
	—	120.880

CONSOLIDATED SCHEDULES (Contd.,)

Schedule V - FIXED ASSETS

Rs. Million

	Gross Block			Balance as on 31-3-2010	Depreciation / Amortisation				Net Block	
	Cost as on 1-4-2009	Additions during 2009-10	Sales/Transfer during 2009-10		Upto 31-3-2009	For 2009-10	Withdrawn during 2009-10	Total upto 31-3-2010	Written down as on 31-3-2010	Value as on 31-3-2009
Tangible Assets										
Freehold Land	157.140	17.427	2.405	172.162	—	—	—	—	172.162	157.140
Leasehold Land	17.805	8.243	—	26.048	—	0.706	—	0.706	25.342	17.805
Buildings	1,253.629	0.012	4.079	1,249.562	235.333	42.778	0.153	277.958	971.604	1,018.296
Plant & Machinery	3,529.141	121.358	8.523	3,641.976	2,129.511	295.538	5.854	2,419.195	1,222.781	1,399.630
Furniture, Fittings & Equipments	71.324	0.272	—	71.596	32.372	5.547	—	37.919	33.677	38.952
Vehicles	106.761	3.580	26.352	83.989	34.840	8.226	8.920	34.146	49.843	71.921
Total Tangible Assets	5,135.800	150.892	41.359	5,245.333	2,432.056	352.795	14.927	2,769.924	2,475.409	2,703.744
Intangible Assets										
Computer Software	80.602	4.542	—	85.144	48.070	11.639	—	59.709	25.435	32.532
Technical Knowhow	149.339	49.646	—	198.985	118.073	12.867	—	130.940	68.045	31.266
Total Intangible Assets	229.941	54.188	—	284.129	166.143	24.506	—	190.649	93.480	63.798
Sub-Total	5,365.741	205.080	41.359	5,529.462	2,598.199	377.301	14.927	2,960.573	2,568.889	2,767.542
Capital										
Work-in-progress	51.469	35.124	51.469	35.124	—	—	—	—	35.124	51.469
Total Assets				5,564.586				2,960.573	2,604.013	2,819.011
								31-3-2010		31-3-2009
								Rs. Million		Rs. Million

Schedule VI - INVESTMENTS

Long Term Investments (at Cost)

1. Non-Trade - Quoted :

1) 1,200 Equity Shares of Re.1/- each fully paid-up in GMR Infrastructure Limited (Previous year - 600 Equity Shares of Rs.2/- each)	0.143	0.143
2) 200 Equity Shares of Rs.10/- each fully paid-up in Mahindra & Mahindra Limited	—	0.137
3) 200 Equity Shares of Rs.10/- each fully paid-up in Cholamandalam DBS Finance Limited	0.061	0.061
4) 125 Equity Shares of Rs.10/- each fully paid-up in Tata Motors Limited	0.089	0.089
5) 75 Equity Shares of Rs.10/- each fully paid-up in ICICI Bank Limited	—	0.080
6) 71 Equity Shares of Re.1/- each fully paid-up in TVS Motors Limited	0.001	0.001
7) 70 Equity Shares of Rs.10/- each fully paid-up in Bharat Heavy Electricals Limited	—	0.157
8) 50 Equity Shares of Rs.10/- each fully paid-up in Munjal Auto Industries Limited	0.001	0.001
9) 50 Equity Shares of Rs.10/- each fully paid-up in Shivam Autotech Limited		

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2010 Rs. Million	31-3-2009 Rs. Million
Schedule VI - INVESTMENTS (Contd..)		
10) 100 Equity Shares of Rs.2/- each fully paid-up in Larsen & Toubro Limited	0.180	0.180
11) 70 Equity Shares of Rs.10/- each fully paid-up in State Bank of India	—	0.136
12) 200 Equity Shares of Rs.10/- each fully paid-up in IDBI Bank Limited	0.026	—
13) 100 Equity Shares of Rs.10/- each fully paid-up in Bannari Amman Sugars Limited	0.130	—
14) 375 Equity Shares of Rs.5/- each fully paid-up in Bharti Airtel Limited	0.145	—
15) 300 Equity Shares of Rs.10/- each fully paid-up in Bharti Shipyard Limited	0.103	—
16) 350 Equity Shares of Rs.10/- each fully paid-up in Shipping Corporation of India Limited	0.049	—
17) 25,500 Equity Shares of Rs.10/- each fully paid-up in Regaliaa Realty Limited	0.255	—
18) 29,276 Units of DSP - Black Rock India TIGER Fund - Dividend Option	1.000	1.000
19) 17,573 Units of HDFC Equity Fund - Dividend Option	1.000	1.000
20) 47,193 Units of ICICI Prudential Infrastructure Fund - Dividend Re-investment	—	0.893
21) 36,538 Units of JM Basic Fund - Dividend Plan	—	1.120
22) 9,237 Units of Reliance Diversified Power Sector Fund - Dividend Plan (Previous year - 17,937 units)	0.500	1.000
23) 7,362 Units of Reliance Vision Fund - Retail Plan - Dividend Plan	0.500	0.500
24) 3,082 Units of ICICI Prudential Liquid Plan	—	0.061
25) 102 Units of Reliance Money Manager Fund	—	0.103
26) 63,351 Units of HDFC Monthly Income Plan - Monthly Dividend Plan	0.791	—
27) 59,869 Units of ICICI Flexible Income Plan - Weekly Dividend	6.000	—
28) 65,907 Units of Reliance Monthly Income Plan - Monthly Dividend Plan	0.744	—
29) 13,334 Units of Reliance Regular Savings Fund - Dividend Plan	0.301	—
	12.019	6.662
2. Non Trade - Unquoted :		
a. 199,700 Equity Shares of Rs.10/- each fully paid-up in Synoro Technologies Limited	—	1.997
b. 720,000 Equity Shares of Rs.10/- each fully paid-up in Pricol Technologies Limited	7.200	7.200
	7.200	9.197

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2010 Rs. Million	31-3-2009 Rs. Million
Schedule VI - INVESTMENTS (Contd..)		
3. Investment in Associates :		
a. 3,190 Equity Shares of Rs.100/- each fully paid-up in Shanmuga Steel Industries Limited	0.160	0.160
b. 400,000 Equity Shares of Rs.10/- each fully paid-up in Ananya Innovations Limited	—	4.000
	<u>0.160</u>	<u>4.160</u>
Total (1+2+3)	19.379	20.019
Less : Share of Post Acquisition Loss	—	2.762
Total Investments	<u>19.379</u>	<u>17.257</u>
Aggregate Cost of Quoted Investments (long term)	12.019	6.662
Aggregate Cost of Un-quoted Investments (long term)	7.360	13.357
Market Value of Quoted Investments (long term)	10.861	2.440
Schedule VII - CURRENT ASSETS, LOANS AND ADVANCES		
a. Inventories (At lower of cost and net realisable value)		
Stock of Stores & Spares	30.635	38.817
Raw Materials & Components	820.541	866.949
Work-in-progress	195.597	193.123
Finished Goods	178.084	226.375
Land - Stock in Trade	108.784	108.709
	<u>1,333.641</u>	<u>1,433.973</u>
b. Sundry Debtors :		
Unsecured Considered Good		
a) Outstanding for a period exceeding six months	506.512	599.209
b) Others	1,339.286	979.656
	<u>1,845.798</u>	<u>1,578.865</u>
Unsecured Considered Doubtful		
Less : Provision for Doubtful Debts	38.360	37.544
	<u>38.360</u>	<u>37.544</u>
	<u>1,845.798</u>	<u>1,578.865</u>
c. Cash & Bank Balances :		
Cash on hand	1.163	0.875
Balances with Scheduled Banks		
In Current Account	51.404	37.522
In Unclaimed Dividend Account	4.411	4.741
In Margin Money Account / Fixed Deposits	69.970	11.568
	<u>126.948</u>	<u>54.706</u>
d. Loans and Advances :		
Advances Recoverable in cash or in kind or for value to be received and considered Good		
Unsecured considered good	64.420	45.965
Unsecured considered doubtful	1.305	3.607
Less : Provision for Doubtful Advances	1.305	3.607
	<u>64.420</u>	<u>45.965</u>
Deposits		
Balances with Government authorities	32.154	34.311
Prepaid expenses	171.964	228.466
Tax payments pending adjustment	13.208	18.451
	413.311	377.910
	<u>695.057</u>	<u>705.103</u>
	<u>4,001.444</u>	<u>3,772.647</u>

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2010 Rs. Million	31-3-2009 Rs. Million
Schedule VIII - CURRENT LIABILITIES AND PROVISIONS		
a. Liabilities :		
Sundry Creditors (Due to Micro, Small and Medium Enterprises is Rs.19.246 Mn, Previous year - Rs.4.130 Mn.)	1,794.473	1,407.506
Interest accrued but not due on loans	14.151	16.530
Due to Directors	0.698	2.123
Investor Education and Protection Fund - not due :		
Unclaimed Dividend	4.411	4.741
Unclaimed Deposits including Interest	0.169	0.346
	<u>4.580</u>	<u>5.087</u>
	1,813.902	1,431.246
b. Provisions :		
For Current Taxation	363.282	316.511
For Fringe Benefit Tax	29.288	29.288
For Dividend	36.000	—
For Tax on Dividend	5.979	—
	<u>434.549</u>	<u>345.799</u>
	2,248.451	1,777.045

Schedule IX - DEBIT BALANCE IN PROFIT & LOSS ACCOUNT

As per the Profit & Loss Account	28.972	200.601
Less : Adjusted against General Reserve as per contra	28.972	200.601
	<u>—</u>	<u>—</u>

Schedule X - INCOME

	2009-10 Rs. Million	2008-09 Rs. Million
Sales & Service Charges		
Domestic Sales & Service Charges		
Sale of Finished Products (Inclusive of Excise Duty and Sales Tax)	7,354.117	5,859.366
Service Charges	45.238	45.522
Sale of Wind Power	8.051	6.750
	<u>7,407.406</u>	<u>5,911.638</u>
Less : Excise Duty	494.384	664.514
: Sales Tax	377.503	266.886
: Discount & Commission on Domestic Sales	31.486	19.790
	<u>6,504.033</u>	<u>4,960.448</u>
Export Sales		
Sale of Finished Products (Inclusive of Excise Duty)	1,142.013	1,518.179
Less : Excise Duty	68.261	139.313
: Commission on Export Sales	4.751	5.536
	<u>1,069.001</u>	<u>1,373.330</u>
	7,573.034	6,333.778

CONSOLIDATED SCHEDULES (Contd.,)

	2009-10 Rs. Million	2008-09 Rs. Million
Schedule XI - INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS		
Stock at Closing	178.084	226.375
Less : Stock at Opening	226.375	318.669
	<u>(48.291)</u>	<u>(92.294)</u>
Schedule XII - EXPENDITURE		
RAW MATERIALS & COMPONENTS CONSUMED		
Opening Stock		
a) Raw Materials & Components	866.949	1,081.360
b) Work-in-Progress	193.123	239.624
	<u>1,060.072</u>	<u>1,320.984</u>
Add : Purchases	4,950.117	4,011.753
	<u>6,010.189</u>	<u>5,332.737</u>
Less : Closing Stock		
a) Raw Materials & Components	820.541	866.949
b) Work-in-Progress	195.597	193.123
	<u>1,016.138</u>	<u>1,060.072</u>
	4,994.051	4,272.665
Less : Sale of Raw Materials & Scrap	204.984	181.677
Add : Direct Expenses	105.522	62.555
	<u>4,894.589</u>	<u>4,153.543</u>
Total Raw Materials & Components Consumed		
Includes materials consumed for In-house Manufacture of Machines & Toolings of Rs.39.948 Mn. (Previous year - Rs.70.680 Mn.)		
EMPLOYEES' COST		
a) Pay, Allowances, Performance Reward & Bonus	833.719	771.480
b) Company's Contribution to Provident, Superannuation and Gratuity Funds	38.167	49.210
c) Welfare Expenses	90.542	93.489
	<u>962.428</u>	<u>914.179</u>
REPAIRS AND MAINTENANCE		
Machinery	63.466	86.597
Building	7.052	17.760
Others	9.388	13.103
	<u>79.906</u>	<u>117.460</u>

CONSOLIDATED SCHEDULES (Contd.,)

	2009-10 Rs. Million	2008-09 Rs. Million
Schedule XII - EXPENDITURE (Contd.,)		
OTHER EXPENDITURE		
Printing & Stationery	9.638	14.290
Postage, Telegram and Telephone	14.071	16.190
Rent	8.445	8.912
Rates, Taxes & Licence	18.273	(3.628)
Insurance	12.392	8.451
Bank Charges	13.322	13.281
Travelling & Conveyance	65.369	79.833
Freight & Forwarding and Selling Expenses	174.122	195.317
Advertisement, Publicity & Sales Promotion	9.747	6.272
Royalty	44.755	44.216
Bad Debts written off	17.337	0.788
Provision for doubtful debts (Net)	0.633	5.261
Commission / Sitting Fees to Non-Whole Time Directors	0.164	0.327
Auditors' Remuneration	2.798	1.869
Professional Charges, Books and Periodicals	35.186	44.037
Net Foreign Exchange (Gain) / Loss	48.847	192.561
Miscellaneous Expenses	5.955	8.895
	481.054	636.872
Schedule XIII - OTHER INCOME		
Interest Received	5.126	13.342
Income from Mutual Funds	0.248	0.271
Rent Received	3.154	3.139
Trading Income	2.683	4.560
Sundry Income	0.042	2.722
Export Incentives	15.078	17.785
Grant Received	0.710	—
Profit / (Loss) on Sale of Assets (Net)	6.688	4.135
Share in Profit / (Loss) of Associates	—	(1.901)
	33.729	44.053
Schedule XIV - INTEREST & FINANCE CHARGES		
Interest on Fixed Loans	226.325	213.244
Interest on Other Loans	94.477	196.464
Finance Charges	17.802	12.410
	338.604	422.118
Schedule XV - EARNINGS PER SHARE (Basic / Diluted)		
a. Profit / (Loss) After Tax	239.608	(368.686)
b. Equity Share of Re.1/- each (Nos. in Mn)	90.000	90.000
c. Earnings per Share (a / b) (in Rs.)	2.66	(4.10)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

	2009-10 Rs. Million	2008-09 Rs. Million
A. Cash Flow from Operating Activities:		
Net Profit / (Loss) Before Tax	266.778	(468.821)
Adjustments for :		
Depreciation	377.301	388.736
Bad debts written off	17.337	0.788
Provision for Doubtful debts (Net)	0.633	5.261
Effect of change in Foreign Currency Translation Reserve (Profit) / Loss on Sale of Assets (Net)	(20.395)	(1.096)
Exchange Fluctuation (Gain) / Loss on Re-statement	(59.027)	43.125
Interest received	(5.126)	(13.342)
Interest & Finance charges	338.604	422.118
Other Investment Income	(0.248)	1.630
	642.391	843.085
Operating profit before working capital changes	909.169	374.264
Adjustments for :		
Trade and other receivables	(285.156)	119.685
Inventories	100.332	345.833
Trade and other payables	421.323	75.157
	236.499	540.675
Cash generated from operations	1,145.668	914.939
Direct taxes (paid) / refunds	(35.401)	5.191
Net Cash from Operating Activities	1,110.267	920.130
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(188.735)	(298.252)
Sale of Fixed Assets	33.120	19.979
Interest received	5.126	13.342
Purchase of Investments (Net)	(2.122)	(0.386)
Other Investment Income	0.248	0.271
Net Cash used in Investing Activities	(152.363)	(265.046)
C. Cash Flow from Financing Activities:		
Long term Borrowings	(99.788)	209.333
Unsecured Loans & Deposits	(121.057)	(207.345)
Working Capital Borrowings	(323.504)	(188.325)
Dividend & Tax on Dividend paid	(0.330)	(63.330)
Interest & Finance charges paid	(340.983)	(429.458)
Net Cash used in Financing Activities	(885.662)	(679.125)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	72.242	(24.041)
Cash and cash equivalents as at 1.4.2009 and 1.4.2008 (Opening balance)	54.706	78.747
Cash and cash equivalents as at 31.3.2010 and 31.3.2009 (Closing balance)	126.948	54.706

As per our report of date attached
For Suri & Co.,
Chartered Accountants
ICAI Regn. No.0042835
C.S. Sathyanarayanan, Partner
Membership No.028328
Coimbatore, 28th May 2010

For and on behalf of the Board

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010.

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	Nil (Previous year - 40%)

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

4. List of Related parties with whom transactions have taken place during the year 2009-10 and relationship:

Key Management Personnel: Mr. Vijay Mohan, Mrs. Vanitha Mohan, Mr. K. Udhaya Kumar and Mr. K.Janardhanan;
Others (Enterprise over which Key Management Personnel are able to exercise significant influence) : Pricol Holdings Limited, Pricol Packaging Limited, Pricol Travel Limited, Pricol Technologies Limited, Pricol Medical Systems Limited, Pricol Properties Limited, Pricol Corporate Services Limited, Xenos Technologies Limited, Synoro Technologies Limited, Penta Enterprises (India) Limited, Vascon Pricol Infrastructures Limited, Ananya Innovations Limited, Prime Agri Solutions (India) Limited, Shanmuga Steel Industries Limited, M and M Enterprises (India) Limited, Bhavani Infin Services India Private Limited, Shrimay Enterprises Private Limited, Sagittarius Investments Private Limited, Carcerano Pricoltech (India) Private Limited, Libra Industries, Leo Industries, Ellargi & Co., Rudra Industries and Bhavani Treads.

Nature of Transaction	Rs. Million			
	Key Mgmt Personnel		Others	
	2009-10	2008-09	2009-10	2008-09
Purchase / Labour Charges	—	—	208.371	135.102
Sales / Job Work Charges	—	—	126.333	128.288
Purchase of Fixed Assets	—	—	2.221	—
Sale of Fixed Assets	—	—	0.008	—
Receiving of Services	7.970	7.489	22.508	14.469
Rendering of Services	—	—	13.943	12.329
Loan / Advance / Deposit - Opening	—	—	10.356	10.356
Add : Amount advanced during the year	—	—	—	—
Less : Amount received / converted into capital during the year	—	—	—	—
Add : Interest receivable for the year	—	—	—	—
Loan / Advance / Deposit - Closing	—	—	10.356	10.356
Advances payable - Opening	—	—	—	—
Less : Amount repaid during the year	—	—	—	—
Advances payable - Closing	—	—	—	—
Investments - Opening	—	—	—	—
Add : Investments made during the year	—	—	—	—
Less : Divestment during the year	—	—	—	—
Investments - Closing	—	—	—	—
Guarantee	—	—	—	—
Receivable - Opening	—	—	514.667	573.824
Add : Amount receivable during the year	—	—	120.553	189.465
Less : Amount received during the year	—	—	185.869	248.622
Receivable - Closing	—	—	449.351	514.667
Payable - Opening	2.208	5.279	13.584	3.507
Add : Amount payable during the year	7.970	12.680	290.070	137.835
Less : Amount paid during the year	8.323	15.751	245.714	127.758
Payable - Closing	1.855	2.208	57.940	13.584

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

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

	As at 31st March 2010	As at 31st March 2009
	(In Indonesian Rupiah)	
One Indian Rupee	204.08	227.27

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	
	2009-10	2008-09
Due to Micro, Small and Medium Enterprises		
— Principal due at the year end	19.246	4.130
— Interest payable at the year end	—	—
— Interest paid during the year	—	—

9. Other Notes forming part of Accounts:

These are set out in and under "Notes forming part of accounts for the year ended 31st March 2010" as given in the standalone financial statements of Pricol Limited.

Disclosure of Information relating to the Subsidiary Companies as required by the Ministry of Corporate Affairs, Government of India vide their approval letter No.47/09/2010-CL-III dated 25th March 2010.

Particulars	Integral Investments Limited	English Tools and Castings Limited	PT Pricol Surya Indonesia
	2009-10 Rs. Million		
a) Share Capital	22.500	148.837	74.309
b) Reserves & Surplus	0.622	0.001	(65.808)
c) Total Assets	23.130	256.551	265.942
d) Total Liabilities	23.130	256.551	265.942
e) Details of Investments *	19.379	—	—
f) Turnover	0.809	126.900	95.178
g) Profit / (Loss) Before Tax	(0.285)	(35.216)	25.800
h) Provision for Taxation	—	—	9.559
i) Profit / (Loss) After Tax	(0.285)	(35.216)	16.241
j) Proposed Dividend	—	—	—
k) Reporting Currency **	Indian Rupee (INR)	Indian Rupee (INR)	Indonesian Rupiah (IDR)

* Excluding investment in subsidiaries.

** 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 2010 : 1 INR = 204.08 IDR.