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## ENGLISH TOOLS AND CASTINGS LIMITED

### BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman  
Mr. K. Janardhanan, Managing Director  
Mr. Viren Mohan, Executive Director  
Mr. P. Vijay Raghunath  
Mr. A. Venkatesan  
Mr. D. Ravichandran  
Mrs. Gita Srivatsan  
Mr. Vikram Mohan, Alternate Director to Mr. Viren Mohan

### AUDIT COMMITTEE

Mr. P. Vijay Raghunath  
Mrs. Gita Srivatsan  
Mr. K. Janardhanan  
Mr. A. Venkatesan

### COMPANY SECRETARY

Mrs. Praveena Dhanagopal

### AUDITORS

M/s. Narayan & Dharan  
Chartered Accountants,  
366-A, Alagesan Road,  
S.B. Mission Post,  
Coimbatore - 641 011.

### BANKERS

**HDFC Bank Limited**  
Classic Towers,  
1635, Trichy Road,  
Coimbatore - 641 018.

**SIDBI**  
Gowtham Complex,  
1055/7, Avanashi Road,  
Coimbatore - 641 018.

### REGISTERED OFFICE

100/1A, Pollachi Main Road  
Thamaraikulam Post, Kinathukadavu (Via)  
Pollachi Taluk, Coimbatore - 642 109.

### FACTORIES

Pressure Die Casting Division  
Plastic Moulding Division  
Tooling Division

100/1A, Pollachi Main Road  
Thamaraikulam Post, Kinathukadavu (Via)  
Pollachi Taluk, Coimbatore - 642 109.

Machining Division

E-21, SIDCO Industrial Estate, Kurichi,  
Coimbatore - 641 021.

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# English Tools and Castings Limited

## REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the Fifteenth Annual Report and Audited Accounts for the financial year ended 31st March 2009.

### WORKING RESULTS:

The working results of the Company is summarised as detailed below:

|  | Rs. Million     |                |
|--|-----------------|----------------|
| Particulars  | 2008-09         | 2007-08        |
| Sales & Service Charges - Domestic                             | 136.496         | 245.932        |
| - Export   | 13.101          | 0.706          |
| <b>Total</b>   | <b>149.597</b>  | <b>246.638</b> |
| <b>Profit before Interest, Depreciation &amp; Other Income</b> | <b>(2.372)</b>  | <b>31.704</b>  |
| Less : Interest & Finance charges                              | 16.095          | 13.505         |
| : Depreciation   | 14.895          | 14.758         |
| Add : Other Income   | 2.533           | 1.821          |
| <b>Profit / (Loss) before Tax</b>                              | <b>(32.781)</b> | <b>5.262</b>   |
| Less : Provision for Tax - Current Tax                         | —               | 0.626          |
| - Fringe Benefit Tax   | 0.101           | 0.116          |
| <b>Profit / (Loss) after Tax</b>                               | <b>(32.882)</b> | <b>4.520</b>   |
| Balance brought forward  | 10.133          | (192.039)      |
| Adjusted for Capital reduction                                 | —               | 197.652        |
| Balance Carried to Balance Sheet                               | (22.749)        | 10.133         |

### REVIEW OF OPERATIONS & OUTLOOK

During the previous two financial years 2006-07 & 2007-08, the Company was profitable and achieved upward growth in turnover. But during the financial year 2008-09, heavy reduction in off take from commercial vehicles sector & Industrial sector due to economic downturn resulted in drastic reduction in turnover to Rs.149.597 million compared to previous year turnover of Rs.246.638 million. Due to low turnover and increase in power cost on usage of diesel during acute power cut, the Company has incurred a loss of Rs.32.882 million after tax.

The Company has already started expanding its customer base both automotive and non-automotive sector. In the second quarter of ongoing financial year supplies will commence for TVS Motors 3 wheelers and from October'09 onwards for TVS Motors 2 wheelers. In addition supplies of bulk orders for new developments for Greaves Cotton, International Tractors (Sonalika), Simpson & Co., MHI-VST Engines, Asco India & VM Motori, Italy will commence from second quarter of ongoing financial year. With this, the company is expected to be break-even during the financial year 09-10.

### DIRECTORS

Mr. Vijay Mohan and Mr. A. Venkatesan, Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

### FIXED DEPOSITS

The Company has not accepted any Deposits from the public.

### AUDITORS

The statutory auditors M/s. Narayan & Dharan, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

## REPORT OF THE DIRECTORS (Contd..)

### CONSERVATION OF ENERGY ETC

Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is annexed herewith and forms part of this report.

### PARTICULARS OF EMPLOYEES

The Company does not have employees drawing remuneration attracting the provisions of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

### DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- a) in the preparation of annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed.
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- d) they had prepared the annual accounts for the financial year ended 31st March 2009, on a going concern basis.

### ACKNOWLEDGEMENT

The directors wish to thank customers, vendors, banks / financial institutions and Pricol Limited for their continued support and co-operation during the year under review. They also wish to place on record their appreciation of the contribution made by the management team and the employees at all levels.

By order of the Board

Coimbatore  
23rd May 2009

**Vijay Mohan**  
Chairman

**K. Janardhanan**  
Managing Director

## ANNEXURE TO DIRECTORS' REPORT

### 1. Particulars pursuant to Section 217 (1)(e) of the Companies Act 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988.

#### a. CONSERVATION OF ENERGY :

- a) Energy Conservation Measures Taken : With installation of flow meters for furnaces, the Company was able to control the utilization of Liquefied Petroleum Gas (LPG) used for melting of aluminium ingots.

Usage of furnace oil for melting of aluminium ingots on bulk melting furnace has also helped to control the energy cost.

- b) Additional Investments and Proposal : The proposal for usage of coal gas as alternative fuel is under study to reduce the energy cost.

- c) Energy Consumption as per Form - A :

| PARTICULARS                           |             | 2008-09   | 2007-08   |
|---------------------------------------|-------------|-----------|-----------|
| 1) Electricity Charges                | Rs. Million | 12.139    | 16.066    |
| 2) EB Units Purchased                 | Kwh.        | 2,636,386 | 3,573,865 |
| 3) Rate per Unit Purchased            | Rs.         | 4.60      | 4.50      |
| 1) Generator - Diesel                 | Rs. Million | 4.068     | 2.574     |
| 2) Units Generated                    | Kwh.        | 384,045   | 261,631   |
| 3) Cost per Unit Generated            | Rs.         | 10.59     | 9.84      |
| 1) Total Power & Fuel (Excluding LPG) | Rs. Million | 16.207    | 18.640    |
| 2) Units Purchased / generated        | Kwh.        | 3,020,431 | 3,835,496 |
| 3) Cost per Unit Consumed             | Rs.         | 5.37      | 4.86      |
| 1) Liquefied Petroleum Gas (LPG)      | Rs. Million | 7.737     | 10.521    |
| 2) Kgs Consumed                       | Kgs.        | 176,404   | 281,716   |
| 3) Cost per Kg                        | Rs.         | 43.86     | 37.35     |

#### b. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

The Company is focusing on transmission housing and engine parts used in automotive sector. The Company has also developed various components used in oil pumps, valves, actuators industry and other industries. All this invites for precision tool making, metallurgical controls and precision machining expertise. We have upgraded the machineries to closer tolerance to achieve precision and accuracy.

The new components developed for hydraulic pumps and fuel pumps, where cleanliness of components is paramount important, will leverage the Company to step into Aerospace components.

#### c. FOREIGN EXCHANGE EARNINGS & OUTGO

- i. Earnings in Foreign Exchange (FOB) : Rs.13.338 Million (Previous Year Rs.0.622 Million)
- ii. Outgo in Foreign Currency (CIF) : Rs.6.656 Million (Previous Year Rs.5.609 Million)

## REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of English Tools and Castings Limited, Coimbatore, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed there to. 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 from 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 management, as well as evaluating the overall 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, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 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 2009;
  - b. In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
  - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Coimbatore  
23rd May 2009

For Narayan & Dharan,  
Chartered Accountants  
**K. Badri Narayanan**  
Partner  
Membership No.024550

### Annexure to Auditor's Report

1. a) The company is maintaining records showing particulars of fixed assets.
  - b) The assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and the nature of the business. The frequency of verification is reasonable and discrepancies noticed on such physical verification were not material and have been properly dealt with in the books of accounts.
  - c) There is no disposal of substantial part of fixed assets during the year.
2. a) The inventories have been physically verified by the management during the year at reasonable intervals.
  - b) The procedures followed by the company for verification of inventory are reasonable and adequate in relation to the size of the company and the nature of its business.

# English Tools and Castings Limited

## REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS (Contd..)

- c) The company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories were not material and have been appropriately dealt with.
3. a) During the year the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- b) During the year the company has taken unsecured loan from companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- Number of parties – One  
Amount Involved – Rs.22.000 million.
- There is no interest on the above loan. The terms and conditions of unsecured loan taken by the company are not prima facie prejudicial to the interest of the company. There is no payment of principle/interest during the year.
4. There are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There has been no major weakness in the internal control system.
5. a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding rupees five lakh each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted deposits from public.
7. The company has an adequate internal audit system commensurate with its size and nature of its business.
8. As per information furnished to us, the central government has not prescribed cost records under section 209(1)(d) of the Companies Act, 1956.
- a) According to the information and explanations given to us and records examined, the company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income tax, Sales tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues.
- b) According to the information and explanations given to us, there are disputed dues under Sales tax. The details are as under:

| Sl. No. | Name of the Statute | Period to which the amount relates | Nature of the Dues | Amount disputed Rs. | Amount paid Rs. | Forum where dispute is pending                       |
|---------|---------------------|------------------------------------|--------------------|---------------------|-----------------|--|
| 1.      | TNGST               | 2004-05, 05-06, 06-07              | Entry Tax          | 3,640,155           | Nil             | Pending before Supreme Court on appeal by Department |
| 2.      | TNGST               | -do-                               | Sales Tax          | 2,085,061           | Nil             | Interim stay granted by High Court                   |
| 3.      | TNGST               | 2005-06                            | Sales Tax          | 435,682             | Nil             | -do-   |

9. As per the information and explanations given to us, there is accumulated loss of Rs.22.749 million as on 31st March 2009. The Company has incurred cash losses during the financial year covered by our audit and there was no cash loss in the immediately preceding financial year.
10. The company has not defaulted in repayment of its dues to banks. In case of dues to financial institutions, the instalment repayment over due is Rs.6.048 million as on 31st March 2009.

## REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS (Contd..)

11. During the year, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of special statutes applicable to chit fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the company.
13. The company is not dealing or trading in shares, securities, debentures or other investments.
14. According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
15. The company has applied term loan for the purposes for which they were obtained.
16. According to the information and explanations given to us and on an overall examination, we report that no funds raised on short term basis have been used for long term investment by the company.
17. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained u/s.301 of the Companies Act, 1956.
18. During the year, the company has not issued debentures.
19. During the year, the company has not raised money by public issue.
20. 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.

Coimbatore  
23rd May 2009

For Narayan & Dharan  
Chartered Accountants  
**K. Badri Narayanan**  
Partner  
Membership No.024550

# English Tools and Castings Limited

## BALANCE SHEET AS AT 31st MARCH 2009

| PARTICULARS   | Schedule | 31.03.2009<br>Rs. Million | 31.03.2008<br>Rs. Million |
|---|----------|---------------------------|---------------------------|
| <b>A. SOURCES OF FUNDS</b>  |          |                           |                           |
| <b>1. Shareholders' Funds</b>   |          |                           |                           |
| Share Capital   | I        | 79.337                    | 79.337                    |
| Reserves & Surplus  | II       | 0.001                     | 10.134                    |
|   |          | <u>79.338</u>             | <u>89.471</u>             |
| <b>2. Loan Funds</b>  |          |                           |                           |
| Loan Funds  | III      | 122.098                   | 106.440                   |
| <b>Total</b>  |          | <u>201.436</u>            | <u>195.911</u>            |
| <b>B. APPLICATION OF FUNDS</b>  |          |                           |                           |
| <b>1. Fixed Assets</b>  |          |                           |                           |
| Gross Block   | IV       | 229.979                   | 214.976                   |
| Less : Accumulated Depreciation   |          | 116.687                   | 102.568                   |
| Net Block   |          | <u>113.292</u>            | <u>112.408</u>            |
| <b>2. Current Assets, Loans &amp; Advances</b>                            |          |                           |                           |
| a) Sundry Debtors   | V        | 56.202                    | 79.993                    |
| b) Stock In Trade   | VI       | 39.191                    | 30.326                    |
| c) Cash & Bank Balances   | VII      | 2.631                     | 1.794                     |
| d) Loans, Advances & Deposits   | VIII     | 9.566                     | 12.164                    |
| Total Current Assets  |          | <u>107.590</u>            | <u>124.277</u>            |
| Less : Current Liabilities & Provisions                                   | IX       | 43.616                    | 42.195                    |
| Net Current Assets  |          | <u>63.974</u>             | <u>82.082</u>             |
| <b>3. Deferred Tax Asset</b>  |          |                           |                           |
|   | X        | 1.421                     | 1.421                     |
| <b>4. Miscellaneous expenses to the extent not written off / adjusted</b> |          |                           |                           |
| Profit & Loss Account   | XI       | 22.749                    | —                         |
| <b>Total Assets</b>   |          | <u>201.436</u>            | <u>195.911</u>            |

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

As per our report of date attached  
For Narayan & Dharan  
Chartered Accountants  
K. Badri Narayanan, Partner  
Membership No.024550

Coimbatore, 23rd May, 2009

For and on behalf of the Board

Vijay Mohan  
Chairman

Praveena Dhanagopal  
Company Secretary

K. Janardhanan  
Managing Director

J. Kanna  
Manager - Finance

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009**

| PARTICULARS  | Schedule | 2008-09<br>Rs. Million | 2007-08<br>Rs. Million |
|--|----------|------------------------|------------------------|
| <b>INCOME</b>  |          |                        |                        |
| Sales & Service Charges Received                               | XII      | 149.597                | 246.638                |
| Increase / (Decrease) In Stock                                 | XIII     | 13.023                 | 9.762                  |
| <b>Production Value</b>  |          | <b>162.620</b>         | <b>256.400</b>         |
| <b>EXPENDITURE</b>   |          |                        |                        |
| Raw Material Consumed  | XIV      | 83.373                 | 133.544                |
| Labour Charges Paid  |          | 11.417                 | 10.898                 |
| Employees' Cost  | XV       | 26.179                 | 26.373                 |
| Power & Fuel   |          | 23.944                 | 29.161                 |
| Stores & Spares Consumed                                       |          | 7.935                  | 11.401                 |
| Repairs & Maintenance  | XVI      | 4.744                  | 7.867                  |
| Other Expenditure  | XVII     | 7.400                  | 5.452                  |
| <b>Total Expenditure</b>                                       |          | <b>164.992</b>         | <b>224.696</b>         |
| <b>Profit Before Interest, Depreciation &amp; Other Income</b> |          | <b>(2.372)</b>         | <b>31.704</b>          |
| Add : Other Income   | XVIII    | 2.533                  | 1.821                  |
|  |          | <b>0.161</b>           | <b>33.525</b>          |
| Less : Interest & Finance Charges                              | XIX      | 16.095                 | 13.505                 |
| : Depreciation   |          | 14.895                 | 14.758                 |
|  |          | <b>(30.829)</b>        | <b>5.262</b>           |
| Adj : Prior period items                                       | XX       | 1.952                  | —                      |
| <b>Profit / (Loss) before Tax</b>                              |          | <b>(32.781)</b>        | <b>5.262</b>           |
| Less : Provision For Taxation                                  |          |                        |                        |
| Current Tax  |          | —                      | 0.626                  |
| Fringe Benefit Tax   |          | 0.101                  | 0.116                  |
| <b>Profit / (Loss) After Taxation</b>                          |          | <b>(32.882)</b>        | <b>4.520</b>           |
| <b>Add / Less : Extra-Ordinary Items</b>                       |          | <b>—</b>               | <b>—</b>               |
| <b>Balance Transferred to Balance Sheet</b>                    |          | <b>(32.882)</b>        | <b>4.520</b>           |

Schedule XII to XX, Significant Accounting Policies and the Notes on Accounts form part of this Profit & Loss Account.

As per our report of date attached  
For Narayan & Dharan  
Chartered Accountants  
K. Badri Narayanan, Partner  
Membership No.024550

Coimbatore, 23rd May, 2009

For and on behalf of the Board

Vijay Mohan  
Chairman

K. Janardhanan  
Managing Director

Praveena Dhanagopal  
Company Secretary

J. Kanna  
Manager - Finance

# English Tools and Castings Limited

## SCHEDULES TO BALANCE SHEET AS ON 31st MARCH 2009

| PARTICULARS   | 31.03.2009<br>Rs. Million | 31.03.2008<br>Rs. Million |
|---|---------------------------|---------------------------|
| <b>Schedule I - SHARE CAPITAL</b>   |                           |                           |
| A) Authorised Capital<br>30,000,000 Equity Shares of Rs.10/- each                       | 300.000                   | 300.000                   |
| B) Issued, Subscribed and Paid-up<br>79,33,700 Equity Shares of Rs.10/- each fully paid | 79.337                    | 276.989                   |
| Less : Reorganisation Loss adjusted   | —                         | 197.652                   |
| 7,933,700 Equity Shares of Rs.10/- each fully paid                                      | 79.337                    | 79.337                    |
| <b>Schedule II - RESERVES &amp; SURPLUS</b>   |                           |                           |
| <b>Capital Reserve</b>  |                           |                           |
| Capital Reserve   | 0.001                     | 0.001                     |
| (A)   | 0.001                     | 0.001                     |
| <b>General Reserve / Profit &amp; Loss Account :</b>                                    |                           |                           |
| Opening Balance in General Reserve  | —                         | —                         |
| Opening Balance in Profit & Loss Account  | 10.133                    | —                         |
|   | 10.133                    | —                         |
| Add : Previous year Profit transferred from Profit & Loss Account                       | —                         | 5.613                     |
|   | 10.133                    | 5.613                     |
| Add : Net Profit / (Loss) for the year  | (32.882)                  | 4.520                     |
|   | (22.749)                  | 10.133                    |
| Less : Deficit transferred to Profit & Loss Account                                     | (22.749)                  | —                         |
| (B)   | —                         | 10.134                    |
| Total Reserves & Surplus (A) + (B)  | 0.001                     | 10.134                    |
| <b>Schedule III - SECURED LOANS</b>   |                           |                           |
| Term Loans from Banks   | 39.071                    | 30.031                    |
| Working Capital Borrowings from Banks   | 53.384                    | 69.949                    |
| Working Capital Borrowings from Financial Institution                                   | 7.346                     | 6.460                     |
| <b>Hire Purchase Loans :</b>  |                           |                           |
| Hire Purchase Loans from Banks  | 0.297                     | —                         |
| <b>Unsecured Loans :</b>  |                           |                           |
| Loan from Holding Company   | 22.000                    | —                         |
|   | 122.098                   | 106.440                   |

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)**

**Schedule IV - FIXED ASSETS**

(Rs. Million)

| Description                      | Gross Block         |                                |                                | Depreciation        |                    |                 |                                     | Net Block                 |                     |                     |
|----------------------------------|---------------------|--------------------------------|--------------------------------|---------------------|--------------------|-----------------|-------------------------------------|---------------------------|---------------------|---------------------|
|                                  | As on<br>31.03.2008 | Additions<br>during<br>2008-09 | Deletions<br>during<br>2008-09 | As on<br>31.03.2009 | Upto<br>31.03.2008 | For the<br>Year | With-<br>drawn<br>during<br>2008-09 | Total up to<br>31.03.2009 | As on<br>31.03.2009 | As on<br>31.03.2008 |
| Land                             | 1.237               | —                              | —                              | <b>1.237</b>        | —                  | —               | —                                   | —                         | <b>1.237</b>        | 1.237               |
| Building                         | 41.525              | 0.176                          | —                              | <b>41.701</b>       | 19.858             | <b>1.442</b>    | —                                   | <b>21.300</b>             | <b>20.401</b>       | 21.667              |
| Plant & Machinery                | 140.039             | 10.611                         | 0.599                          | <b>150.051</b>      | 65.086             | <b>9.283</b>    | 0.530                               | <b>73.839</b>             | <b>76.212</b>       | 74.953              |
| Furniture & Fittings             | 2.039               | —                              | —                              | <b>2.039</b>        | 1.642              | <b>0.065</b>    | —                                   | <b>1.707</b>              | <b>0.332</b>        | 0.397               |
| Office Equipments &<br>Computers | 6.076               | 0.044                          | —                              | <b>6.120</b>        | 3.983              | <b>0.626</b>    | —                                   | <b>4.609</b>              | <b>1.511</b>        | 2.093               |
| Electrical Fittings              | 14.356              | 5.287                          | 0.366                          | <b>19.277</b>       | 8.862              | <b>2.284</b>    | 0.057                               | <b>11.089</b>             | <b>8.188</b>        | 5.494               |
| Lab Equipments                   | 3.517               | 0.256                          | —                              | <b>3.773</b>        | 0.921              | <b>0.507</b>    | —                                   | <b>1.428</b>              | <b>2.345</b>        | 2.596               |
| Vehicles                         | 3.717               | —                              | 0.406                          | <b>3.311</b>        | 1.290              | <b>0.357</b>    | 0.188                               | <b>1.459</b>              | <b>1.852</b>        | 2.427               |
| Intangible Assets                | 2.470               | —                              | —                              | <b>2.470</b>        | 0.926              | <b>0.330</b>    | —                                   | <b>1.256</b>              | <b>1.214</b>        | 1.544               |
| <b>Total</b>                     | <b>214.976</b>      | <b>16.374</b>                  | <b>1.371</b>                   | <b>229.979</b>      | <b>102.568</b>     | <b>14.894</b>   | <b>0.775</b>                        | <b>116.687</b>            | <b>113.292</b>      | <b>112.408</b>      |
| Previous Year                    | 187.265             | 31.287                         | 3.576                          | <b>214.976</b>      | 90.004             | <b>14.758</b>   | 2.194                               | <b>102.568</b>            | <b>112.408</b>      | 97.261              |
|                                  |                     |                                |                                |                     |                    |                 |                                     | <b>31.03.2009</b>         | <b>31.03.2008</b>   |                     |
|                                  |                     |                                |                                |                     |                    |                 |                                     | <b>Rs. Million</b>        | <b>Rs. Million</b>  |                     |

**Schedule V - SUNDRY DEBTORS**

(Unsecured and Considered Good)

|   |               |        |
|---|---------------|--------|
| Due from Holding Company                              | <b>3.541</b>  | 2.566  |
| Debtors outstanding for a period exceeding six months | <b>27.981</b> | 17.992 |
| Debtors less than six months                          | <b>27.251</b> | 60.066 |
|   | <b>58.773</b> | 80.624 |
| Due to Holding Company                                | <b>2.571</b>  | 0.631  |
|   | <b>56.202</b> | 79.993 |

**Schedule VI - STOCK IN TRADE**

(At lower of cost and net realisable value)

|                      |               |        |
|----------------------|---------------|--------|
| Raw Materials        | <b>5.604</b>  | 9.145  |
| Stores & Consumables | <b>2.769</b>  | 3.385  |
| Work In Progress     | <b>30.818</b> | 17.796 |
|                      | <b>39.191</b> | 30.326 |

**Schedule VII - CASH & BANK BALANCES**

|                     |              |       |
|---------------------|--------------|-------|
| Cash on Hand        | <b>0.258</b> | 0.255 |
| Cash at Bank        |              |       |
| a) Current Accounts | <b>0.742</b> | 0.426 |
| b) Deposit Accounts | <b>1.631</b> | 1.113 |
|                     | <b>2.631</b> | 1.794 |

# English Tools and Castings Limited

## SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

|  | 31.03.2009<br>Rs. Million | 31.03.2008<br>Rs. Million |
|--|---------------------------|---------------------------|
| <b>Schedule VIII - LOANS, ADVANCES &amp; DEPOSITS</b>                                |                           |                           |
| Advances Recoverable in cash or kind or for value to be received and considered good | 5.470                     | 8.615                     |
| Deposits   | 2.837                     | 2.579                     |
|  | <u>8.307</u>              | <u>11.194</u>             |
| Prepaid Expenses   | 0.199                     | 0.209                     |
| Tax Deducted and collected at Source   | 1.060                     | 0.761                     |
|  | <u>9.566</u>              | <u>12.164</u>             |
| <b>Schedule IX - CURRENT LIABILITIES &amp; PROVISIONS</b>                            |                           |                           |
| Sundry Creditors & Other Current Liabilities   |                           |                           |
| – Due to Micro, Small & Medium Enterprises   | 3.078                     | 0.080                     |
| – Due to Others Creditors, Provision for Expenses & Statutory                        | 38.168                    | 39.860                    |
| Liabilities  |                           |                           |
| Interest Accrued but not due on Loans  | 0.681                     | 0.667                     |
| Provision for Income Tax   | 1.371                     | 1.371                     |
| Provision for Fringe Benefit Tax   | 0.318                     | 0.217                     |
|  | <u>43.616</u>             | <u>42.195</u>             |
| <b>Schedule X - DEFERRED TAX ASSET</b>   |                           |                           |
| Opening Balance  | 1.421                     | 1.421                     |
| Less : Deferred Tax written off  | —                         | —                         |
|  | <u>1.421</u>              | <u>1.421</u>              |
| <b>Schedule XI - PROFIT &amp; LOSS ACCOUNT</b>                                       |                           |                           |
| Opening Balance from Profit & Loss Account   | —                         | 197.651                   |
| Less : Reorganisation Loss transferred for Capital Reduction                         | —                         | 197.652                   |
|  | <u>—</u>                  | <u>(0.001)</u>            |
| Add : Transfer to Capital Reserve  | —                         | 0.001                     |
|  | <u>—</u>                  | <u>—</u>                  |
| <b>Add : Deficit transferred from Reserves &amp; Surplus</b>                         | <b>22.749</b>             | <b>—</b>                  |
|  | <u>22.749</u>             | <u>—</u>                  |

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)**

|   | 2008-09<br>Rs. Million | 2007-08<br>Rs. Million |
|---|------------------------|------------------------|
| <b>Schedule XII - SALES &amp; SERVICE CHARGES</b>                           |                        |                        |
| <b>Domestic :</b>   |                        |                        |
| <b>Die Casting, Plastic Moulding, Tool Room &amp; Machining Divisions :</b> |                        |                        |
| Sale of Dies, Tools & Moulds  | 13.193                 | 19.082                 |
| Sale of Components  | 135.911                | 257.846                |
| Service Charges Received  | 8.264                  | 14.735                 |
|   | <u>157.368</u>         | <u>291.663</u>         |
| Less : Excise Duty  | 16.395                 | 36.403                 |
| Sales Tax   | 4.477                  | 9.328                  |
|   | <u>136.496</u>         | <u>245.932</u>         |
| <b>Export :</b>   |                        |                        |
| <b>Die Casting, Plastic Moulding, Tool Room &amp; Machining Divisions :</b> |                        |                        |
| Sale of Components  | 0.440                  | 0.706                  |
| Sale of Dies, Tools & Moulds  | 12.661                 | —                      |
|   | <u>13.101</u>          | <u>0.706</u>           |
| Export Sales (Sub-Total)  | 13.101                 | 0.706                  |
| Total Sales & Service Charges   | <u>149.597</u>         | <u>246.638</u>         |
| <b>Schedule XIII - OTHER INCOME</b>   |                        |                        |
| Interest  | 0.278                  | 0.546                  |
| Insurance Claim   | 0.133                  | 0.010                  |
| Other Receipts  | 0.083                  | 0.090                  |
| Recovery of Bad Debts Written off   | 0.100                  | 0.056                  |
| Sundry Credits Written Back   | 1.939                  | 1.119                  |
|   | <u>2.533</u>           | <u>1.821</u>           |
| <b>Schedule XIV - INCREASE / (DECREASE) IN STOCK - WIP</b>                  |                        |                        |
| Opening Work-in-Progress  | 17.795                 | 8.034                  |
| Closing Work-in-Progress  | 30.818                 | 17.796                 |
|   | <u>13.023</u>          | <u>9.762</u>           |

# English Tools and Castings Limited

## SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

|  | 2008-09<br>Rs. Million | 2007-08<br>Rs. Million |
|--|------------------------|------------------------|
| <b>Schedule XV - RAW MATERIALS CONSUMED</b>        |                        |                        |
| Opening Stock                                      | 9.145                  | 12.102                 |
| Add : Purchases of Raw Materials                   | 80.764                 | 132.523                |
|  | <u>89.909</u>          | <u>144.625</u>         |
| Less : Re-Sale of Raw Material / Sale of Scrap     | 0.932                  | 1.936                  |
|  | <u>88.977</u>          | <u>142.689</u>         |
| Less : Closing Stock                               | 5.604                  | 9.145                  |
|  | <u>83.373</u>          | <u>133.544</u>         |
| <b>Schedule XVI - EMPLOYEE'S COST</b>              |                        |                        |
| Pay, Allowances & Exgratia                         | 22.356                 | 23.402                 |
| Company's Contribution to PF, ESI & Gratuity Funds | 2.677                  | 1.870                  |
| Welfare Expenses                                   | 1.146                  | 1.101                  |
|  | <u>26.179</u>          | <u>26.373</u>          |
| <b>Schedule XVII - REPAIRS &amp; MAINTENANCE</b>   |                        |                        |
| Buildings  | 0.629                  | 1.060                  |
| Machinery & Electricals                            | 2.602                  | 4.758                  |
| Others   | 1.513                  | 2.049                  |
|  | <u>4.744</u>           | <u>7.867</u>           |
| <b>Schedule XVIII - OTHER EXPENDITURE</b>          |                        |                        |
| Printing & Stationery Expenses                     | 0.349                  | 0.409                  |
| Postage & Telephones                               | 0.554                  | 0.409                  |
| Rent, Rates, Duty & Taxes                          | 0.996                  | 0.745                  |
| Insurance  | 0.341                  | 0.372                  |
| Bank Charges                                       | 0.465                  | 0.336                  |
| Travelling & Conveyance                            | 0.365                  | 0.360                  |
| Freight & Forwarding                               | 0.305                  | 0.522                  |
| Advertisement & Sales Promotion Expenses           | 0.677                  | 0.139                  |
| Bad Debts Written Off                              | 0.149                  | 1.058                  |
| Salary to Managing Director                        | 1.500                  | —                      |
| Director's Sitting Fees                            | 0.327                  | 0.423                  |

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)**

|  | 2008-09<br>Rs. Million | 2007-08<br>Rs. Million |
|--|------------------------|------------------------|
| <b>Schedule XVIII - OTHER EXPENDITURE (Contd..)</b>  |                        |                        |
| Auditor's Remuneration                               | 0.163                  | 0.120                  |
| Professional Charges, Books & Periodicals            | 0.664                  | 0.573                  |
| Security Service Charges                             | 0.455                  | 0.441                  |
| Liquidity Damage & Warranty Claim                    | 0.044                  | 0.139                  |
| Miscellaneous Expenses                               | 0.373                  | 0.570                  |
| Donation   | —                      | 0.010                  |
| Discount Allowed                                     | 0.036                  | 0.313                  |
| Purchase Tax   | 0.002                  | —                      |
| Foreign Exchange Loss / (Gain)                       | (0.479)                | (0.015)                |
| Loss / (Profit) on Sale of Assets                    | 0.114                  | (1.472)                |
|  | <u>7.400</u>           | <u>5.452</u>           |
| <b>Schedule XIX - INTEREST &amp; FINANCE CHARGES</b> |                        |                        |
| Interest Charges on-                                 |                        |                        |
| - Fixed Loans  | 5.130                  | 3.699                  |
| - Other Loans  | 10.965                 | 9.806                  |
|  | <u>16.095</u>          | <u>13.505</u>          |
| <b>Schedule XX - PRIOR PERIOD ITEMS</b>              |                        |                        |
| Export Sales Return of sales made during 2005-06     | 1.952                  | —                      |
|  | <u>1.952</u>           | <u>—</u>               |

## SIGNIFICANT ACCOUNTING POLICIES

### 1) ACCOUNTING CONVENTION:

Accounts have been prepared under Historical Cost Convention on the basis of going concern and in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, wherever applicable.

### 2) FIXED ASSETS AND DEPRECIATION:

Fixed Assets are stated at Historical Cost excluding Cenvat benefit on capital goods.

Depreciation has been provided under the Straight Line Method as per Schedule XIV of the Companies Act, 1956.

At each Balance Sheet date, the carrying amount of assets is tested for impairment.

### 3) VALUATION OF INVENTORIES:

Inventories are valued at lower of cost and Net realizable value. Cost is determined based on weighted average basis.

### 4) REVENUE RECOGNITION:

The Company has been constantly adopting accrual system of accounting for income and expenditure.

### 5) FOREIGN CURRENCY TRANSACTIONS:

Revenue transactions in Foreign Currency are accounted at the rates prevailing at the date of transaction.

Foreign currency assets and liabilities are restated at the exchange rate prevailing on the balance sheet date and any difference on restatement is recognized in the Profit & Loss account.

### 6) EMPLOYEE BENEFITS:

Gratuity and Other Employee Benefits: The liability in respect of gratuity payable to the employees of the company is covered by a scheme of LIC. Accounting of Gratuity and other employee benefits is done as per AS-15 employee benefits.

### 7) BORROWING COSTS:

Borrowing costs are charged to revenue. There are no assets, during the year for which borrowing cost is to be capitalized.

### 8) ACCOUNTING FOR TAXES ON INCOME:

There are carry forward losses eligible to be set off against future income under Income tax act. Deferred tax asset in respect of such losses has not been recognized on prudence.

### 9) ACCOUNTING STANDARDS:

Accounting standards prescribed by the Institute of Chartered Accountants of India have been followed wherever applicable.

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009**

**1) SECURED LOAN:**

Cash Credit facilities from banks are secured by way of way of hypothecation of finished goods, Raw Materials, Stock in process, Stores and spares and Book debts of the Company. These limits are also secured by pari passu charge on company's fixed assets.

Credit facilities from SIDBI for the supply bill-discounting limit are secured by charge on fixed assets and current assets of the company. Out of the overdue sum of Rs.6.048 million as of 31st March 2009, the Company has paid on 10.04.2009 a sum of Rs.1.459 million.

Term loans due to HDFC Bank Limited are secured by fixed assets procured out of respective loan.

All above loans are secured by way of Equitable Mortgage of Land & Building of the Company.

2) Previous year figures have been regrouped and reclassified to conform to current year's classification.

3) FOREIGN EXCHANGE EARNING & OUTGO: (Rs. In Million)

|                                       |     |        |                          |
|---------------------------------------|-----|--------|--------------------------|
| i. Earnings in Foreign Exchange (FOB) | Rs. | 13.338 | (Previous Year Rs.0.622) |
| ii. Outgo in Foreign Currency (CIF)   | Rs. | 6.656  | (Previous Year Rs.5.609) |

4) Remuneration paid to Auditor includes: (Excluding Service Tax)

|                  |     |          |                             |
|------------------|-----|----------|-----------------------------|
| Audit Fees       | Rs. | 1,25,000 | (Previous Year Rs.1,00,000) |
| Taxation Matters | Rs. | 32,000   | (Previous Year Rs.20,000)   |
| Other Services   | Rs. | 7,750    | (Previous Year Rs.10,500)   |

5) Remuneration paid to Directors: (Rs. In Million)

|                             |     |       |                          |
|-----------------------------|-----|-------|--------------------------|
| Salary to Managing Director | Rs. | 1.500 | (Previous Year Rs.Nil)   |
| Sitting Fees                | Rs. | 0.327 | (Previous Year Rs.0.423) |

6) As per the information received from the suppliers regarding their classification, the amount due to Micro, Small & Medium Enterprises is disclosed:

|  | (Rs. In Million) |         |
|--|------------------|---------|
|  | 2008-09          | 2007-08 |
| Due to Micro, Small & Medium Enterprises |                  |         |
| - Principle due as on year ended         | 3.079            | 0.080   |
| - Interest Payable as on year ended      | —                | —       |
| - Interest Paid during the year          | —                | 0.220   |

7) CONTINGENT LIABILITY:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for NIL.

b) The following are the disputed claim of Rs.61,60,898/- under sales tax:

i) Claim of Rs.36,40,155/- towards entry tax for goods purchased outside the State of Tamilnadu.

Madras High Court has struck down the Tamil Nadu Tax on Entry of Goods into Local Areas Act, 2001 as violative of clause (a) of Article 304 of the Constitution. Hence the demand is not a contingent liability and therefore no provision is required.

ii) Claim of Rs.20,85,061/- towards sale of tools & dies against concessional rate of tax as ineligible, as tools & dies are neither capital goods nor raw material.

# English Tools and Castings Limited

## NOTES FORMING PART OF ACCOUNTS (Contd..)

The Eighth Schedule of TNGST Act has clearly specified that tools used with the machineries are eligible for concessional rate of tax. In respect of the same the Company moved to the Madras High Court and obtained order of stay against the demand.

- iii) Claim of Rs.4,35,682/- towards differential tax for sale of machinery purchased against concessional rate within 5 years.

The TNGST Act clearly states that any sale which pertains to sale of whole division/unit of the Company, no such differential tax shall be levied. The Company has sold the press shop division during 2005-06, for which the claim was made. As this pertains to sale of whole division as a going concern, no such levy shall be made. In respect of the same the Company moved the Madras High Court and obtained order of stay against the demand.

Hence, all the above demands are not contingent liability and therefore no provision required.

8. The quantitative details and other additional information required as per Paragraph 4(A), 4(B), 4(C) & 4(D) of Part II Schedule VI of the Companies Act, 1956 are as follows:-

| Sl.No | Particulars                            | Units  | 2008-09     | 2007-08     |
|-------|--|--------|-------------|-------------|
| I     | Licensed Capacity                      |        |             |             |
|       | — Die Casting Components               | Tonnes | 1,200       | 1,200       |
|       | — Tools                                | Nos.   | 220         | 220         |
|       | — Injection Moulding Components        | Nos.   | 18 Lakhs    | 18 Lakhs    |
| II    | Installed Capacity                     |        |             |             |
|       | — Die Casting Components               | Tonnes | 1,200       | 1,200       |
|       | — Tools                                | Nos.   | 220         | 220         |
|       | — Injection Moulding Components        | Nos.   | 18 Lakhs    | 18 Lakhs    |
| III   | Actual Production (Excl. Labour Basis) |        |             |             |
|       | — Die Casting Components               | Tonnes | 523         | 980         |
|       | — Tools                                | Nos.   | 51          | 33          |
|       | — Injection Moulding Components        | Nos.   | 6.243 Lakhs | 10.18 Lakhs |
| IV    | Quantitative Details – Raw Materials   |        |             |             |
|       | a) Opening Stock                       |        |             |             |
|       | — Aluminium & Zinc Ingot               | Kgs.   | 55,284      | 79,443      |
|       | — Plastic granules / ABS polymers etc  | Kgs.   | 20,567      | 23,941      |
|       | b) Purchases                           |        |             |             |
|       | — Aluminium & Zinc Ingot               | Kgs.   | 546,739     | 1,022,067   |
|       | — Plastic granules / ABS polymers etc  | Kgs.   | 92,169      | 175,617     |
|       | c) Closing Stock                       |        |             |             |
|       | — Aluminium & Zinc Ingot               | Kgs.   | 25,686      | 55,284      |
|       | — Plastic granules / ABS polymers etc  | Kgs.   | 17,906      | 20,567      |
|       | d) RM Consumption                      |        |             |             |
|       | — Aluminium & Zinc Ingot               | Kgs.   | 576,337     | 1,046,226   |
|       | — Plastic granules / ABS polymers etc  | Kgs.   | 94,830      | 178,991     |
|       | — Aluminium & Zinc Ingots              |        |             |             |
|       | Indigenous (%)                         |        | 100%        | 100%        |
|       | Import (%)                             |        | —           | —           |

**NOTES FORMING PART OF ACCOUNTS (Contd..)**

| Sl.No | Particulars  | Units      | 2008-09             | 2007-08             |
|-------|--|------------|---------------------|---------------------|
|       | — Plastic granules / ABS polymers                    |            |                     |                     |
|       | Indigenous (%)                                       |            | 100%                | 100%                |
|       | Import (%)   |            | —                   | —                   |
| V     | Quantitative Details – Finished Goods                | Units      | 2008-09             | 2007-08             |
|       | a) Opening Stock                                     |            | Nil                 | Nil                 |
|       | b) Production (Excluding Labour Basis)               |            |                     |                     |
|       | — Tools & Dies                                       | Nos.       | 51                  | 33                  |
|       | — Aluminium Components                               | Tonnes     | 523                 | 980                 |
|       | — Plastic Components                                 | Nos. in Mn | 0.624               | 1.018               |
|       | c) Sales (Excluding Labour Basis)                    |            |                     |                     |
|       | — Tools & Dies                                       | Nos.       | 51                  | 33                  |
|       | — Aluminium Components                               | Tonnes     | 523                 | 980                 |
|       | — Plastic Components                                 | Nos. in Mn | 0.624               | 1.018               |
|       | d) Closing Stock                                     |            | Nil                 | Nil                 |
|       | e) Sale of Raw Material / Scrap:                     |            |                     |                     |
|       | — Aluminium Scrap                                    | Kgs.       | 17,678              |                     |
|       | — Plastic Scrap                                      | Kgs.       | 14,098              |                     |
| V     | CIF value of Imports of the company                  | Rs. In Mn  | 6.656               | 5.609               |
| VI    | FOB value of exports                                 | Rs. In Mn  | 13.338              | 0.622               |
| VII   | Other expenditure in foreign exchange                | Rs. In Mn  | 0.025               | 0.683               |
| 9.    | Report under AS-15 (Revised 2005)                    |            | As on<br>31.03.2009 | As on<br>31.03.2008 |
| 1.    | Assumptions  |            |                     |                     |
|       | Discount Rate  |            | 8.0%                | 8.0%                |
|       | Salary Escalation                                    |            | 6.5%                | 6.5%                |
| 2.    | Changes in present value of obligations              |            |                     |                     |
|       | Present value of obligations as at beginning of year |            | 1,444,802           | 1,148,574           |
|       | Interest Cost  |            | 115,584             | 91,886              |
|       | Current Service Cost                                 |            | 304,470             | 238,936             |
|       | Benefits paid  |            | 264,966             | 153,403             |
|       | Actuarial (Gain) / Loss on Obligations               |            | 136,058             | (20,604)            |
|       | Present value of obligations as at end of year       |            | 1,735,948           | 1,305,389           |
| 3.    | Changes in fair value of plan assets                 |            |                     |                     |
|       | Fair value of plan assets at beginning of year       |            | 1,321,459           | 873,011             |
|       | Expected return on plan assets                       |            | 104,769             | 74,085              |
|       | Contributions  |            | 271,808             | 527,766             |
|       | Benefits paid  |            | 264,966             | 153,403             |
|       | Actuarial Gain / (Loss) on Plan Assets               |            | Nil                 | Nil                 |
|       | Fair Value of plan assets at the end of year         |            | 1,433,070           | 1,321,459           |

# English Tools and Castings Limited

## NOTES FORMING PART OF ACCOUNTS (Contd..)

|  | As on<br>31.03.2009 | As on<br>31.03.2008 |
|--|---------------------|---------------------|
| 4. Fair value of plan assets   |                     |                     |
| Fair value of plan assets at beginning of year   | 1,321,459           | 873,011             |
| Actual return on plan assets   | 104,769             | 74,085              |
| Contributions  | 271,808             | 527,766             |
| Benefits paid  | 264,966             | 153,403             |
| Fair value of plan assets at the end of year   | 1,433,070           | 1,321,459           |
| Funded status  | (302,878)           | 16,070              |
| Excess of Actual over estimated return on plan assets<br>(Actual rate of return = Estimated rate of return as ARD falls on 31st March) | Nil                 | Nil                 |
| 5. Actuarial Gain/Loss recognized  |                     |                     |
| Actuarial Gain / (Loss) for the year – Obligations   | (136,058)           | 20,604              |
| Actuarial Gain / (Loss) for the year – plan assets   | Nil                 | Nil                 |
| Total (Gain) / Loss for the year   | 136,058             | (20,604)            |
| Actuarial (Gain) / Loss recognized in the year   | 136,058             | (20,604)            |
| 6. The amounts to be recognized in the Balance Sheet   |                     |                     |
| Present value of obligations as at end of year   | 1,735,948           | 1,305,389           |
| Fair Value of plan assets as at the end of the year  | 1,433,070           | 1,321,459           |
| Funded Status  | (302,878)           | 16,070              |
| Net Asset / (Liability) recognized in Balance Sheet  | (302,878)           | 16,070              |
| 7. Expenses Recognized in Statement of Profit & Loss   |                     |                     |
| Current Service Cost   | 304,470             | 238,936             |
| Interest Cost  | 115,584             | 91,886              |
| Expected return on plan assets   | (104,769)           | (74,085)            |
| Net Actuarial (Gain) / Loss recognized in the year   | 136,058             | (20,604)            |
| Expenses recognized in statement of Profit & Loss  | 451,343             | 236,133             |

**NOTES FORMING PART OF ACCOUNTS (Contd..)**

## 10. List of Related parties with whom transactions have taken place during the year 2008-09 and Relationship

Holding company : Pricol Limited; Key Management Personnel : Mr. K. Janardhanan; Fellow Subsidiaries : Integral Investments Limited and PT Pricol Surya, Indonesia; Others : 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, Ananya Innovations Limited, Vascon Pricol Infrastructures 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.

Related Party Transactions during the year 2008-09

(Rs. in Million)

|   | Holding Company |         | Fellow Subsidiaries |         | Key Mgmt. Personnel |         | Others  |         |
|---|-----------------|---------|---------------------|---------|---------------------|---------|---------|---------|
|   | 2008-09         | 2007-08 | 2008-09             | 2007-08 | 2008-09             | 2007-08 | 2008-09 | 2007-08 |
| Purchase / Labour Charges Paid              | 1.749           | 4.784   | -                   | -       | -                   | -       | 0.625   | -       |
| Sales / Job Work Charges Received           | 18.556          | 33.753  | -                   | -       | -                   | -       | -       | 0.013   |
| Receiving of Services                       | 0.070           | -       | -                   | -       | 1.525               | 0.108   | 0.073   | 0.042   |
| Receiving of Loan                           | 22.000          | -       | -                   | -       | -                   | -       | -       | -       |
| Payables as at 31.03.2009                   | 2.571           | 0.631   | -                   | -       | 0.085               | -       | 0.142   | -       |
| Receivables as at 31.03.2009                | 3.542           | 2.566   | -                   | -       | -                   | -       | -       | -       |
| Unsecured Loan Outstanding as at 31.03.2009 | 22.000          | -       | -                   | -       | -                   | -       | -       | -       |

## 11. The Company's operations mainly relate to one segment.



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009**

|  | 31-03-2009<br>Rs. Million | 31-03-2008<br>Rs. Million |
|--|---------------------------|---------------------------|
| <b>A. Cash flow from operating activities:</b>                                 |                           |                           |
| Net Profit / (Loss) Before Tax   | (32.781)                  | 5.262                     |
| Adj. : Depreciation  | 14.895                    | 14.758                    |
| (Profit) / Loss on Sale of Assets (Net)  | 0.114                     | (1.472)                   |
| Interest and Finance charges   | 16.095                    | 13.505                    |
|  | <u>31.104</u>             | <u>26.791</u>             |
| Operating Profit / (Loss) Before Working Capital changes                       | (1.677)                   | 32.053                    |
| Decrease / (Increase) in Trade receivables & Loans and advances                | 26.779                    | 21.858                    |
| Decrease / (Increase) in Inventories   | (8.865)                   | (6.496)                   |
| Increase / (Decrease) in Trade and other payables                              | 1.306                     | (17.550)                  |
|  | <u>19.220</u>             | <u>(2.188)</u>            |
| Cash Inflow / (Outflow) on Operations  | 17.543                    | 29.865                    |
| Taxes paid (including Fringe Benefit Tax)                                      | (0.391)                   | (0.808)                   |
|  | <u>17.152</u>             | <u>29.057</u>             |
| <b>B. Cash flow from investing activities:</b>                                 |                           |                           |
| Purchase of Fixed Assets   | (16.374)                  | (31.287)                  |
| Sale of fixed assets   | 0.482                     | 2.854                     |
|  | <u>(15.892)</u>           | <u>(28.433)</u>           |
| <b>C. Cash flow from financing activities:</b>                                 |                           |                           |
| Secured & Unsecured Loan obtained  | 15.658                    | 11.490                    |
| Interest paid  | (16.081)                  | (13.488)                  |
|  | <u>(0.423)</u>            | <u>(1.998)</u>            |
| Net Increase / (Decrease) in cash and cash equivalents                         | 0.837                     | (1.374)                   |
| Cash and cash equivalents<br>As at 01.04.2007 and 01.04.2008 (Opening Balance) | 1.794                     | 3.168                     |
| Cash and cash equivalents<br>As at 31.03.2008 and 31.03.2009 (Closing Balance) | <u>2.631</u>              | <u>1.794</u>              |

As per our report of date attached  
For Narayan & Dharan  
Chartered Accountants  
**K. Badri Narayanan**, Partner  
Membership No.024550

Coimbatore, 23rd May, 2009

For and on behalf of the Board

**Vijay Mohan**  
Chairman

**K. Janardhanan**  
Managing Director

**Praveena Dhanagopal**  
Company Secretary

**J. Kanna**  
Manager - Finance