

ENGLISH TOOLS AND CASTINGS LIMITED

BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman
Mr. K. Janardhanan, Managing Director
Mr. Viren Mohan, Executive Director (w.e.f. 20th October 2006)
Mr. P. Vijay Raghunath
Mr. A. Venkatesan
Mr. M. Sampath Kumar (upto 13th July 2006)
Mr. P. Madhusudhan (upto 13th July 2006)
Dr. V.G. Ratnam (upto 20th January 2007)

AUDIT COMMITTEE

Mr. P. Vijay Raghunath
Mr. K. Janardhanan
Mr. A. Venkatesan
Dr. V.G. Ratnam (upto 20th January 2007)

AUDITORS

M/s. Narayan & Dharan
Chartered Accountants,
No.1, 'Dhurvatra' Apartments,
241, Dr. Rajendra Prasad Road,
Tatabad, Coimbatore - 641 012.

BANKERS

| | |
|--|---|
| HDFC Bank Limited Classic Towers, 1635, Trichy Road, Coimbatore - 641 018. | IDBI Bank Limited Viscose Towers 1078, Avanashi 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 T.K., Coimbatore - 642 109.

FACTORIES

Pressure Die Casting Division
Plastic Moulding Division
Tooling Division

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

Machining Division

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

REPORT OF THE DIRECTORS

Your Directors of the Company have great pleasure in presenting their Thirteenth Annual Report of your Company together with Audited Accounts for the financial year ended 31st March 2007.

WORKING RESULTS

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

| Particulars | 2006-07 | 2005-06 |
|--|----------------|------------------|
| Aluminum Die Casting, Tooling, Machining & Plastic Moulding Divisions : | | |
| Sales & Service Charges - Domestic | 230.848 | 145.186 |
| - Export | 0.638 | 5.219 |
| Sub Total (A) | 231.486 | 150.405 |
| Press Shop Division : Sales & Service Charges - Domestic | — | 19.385 |
| - Export | — | — |
| Sub Total (B) | — | 19.385 |
| Total (A+B) | 231.486 | 169.790 |
| Profit before Interest, Depreciation & Other Income | 25.614 | 12.107 |
| Less : Interest | 8.022 | 4.427 |
| : Depreciation | 12.186 | 13.541 |
| Add : Other Income | 1.053 | 0.587 |
| : Prior period items | — | 0.006 |
| Profit / (Loss) before Tax | 6.459 | (5.268) |
| Less : Provision for Tax - Current Tax | 0.745 | — |
| - Fringe Benefit Tax | 0.101 | 0.156 |
| - Deferred Tax | — | — |
| Profit / (Loss) after Tax | 5.613 | (5.424) |
| Balance brought forward | (197.652) | 3.636 |
| Transfer from General Reserve | — | 1.146 |
| Extra-ordinary items - Re-organisation loss (Net) written off | — | (197.010) |
| Balance Carried to Balance Sheet | (192.039) | (197.652) |

REVIEW OF OPERATIONS & OUTLOOK

During the year 2006-07, Pricol Limited has acquired balance 30% stake in the company and it has become wholly-owned subsidiary of Pricol Limited. In June 2005, Pricol Limited acquired 70% stake and took over the management of the company comprising of Aluminum Die Casting, Plastic Moulding, Tool Room and Machining Divisions. The company had already disposed off its Press Shop division before Pricol took over the management. The company has achieved a turnover of Rs.231.486 million against Rs.150.405 million of previous year (excluding Press Shop Division) recording a growth of 54%.

In 2006-07, with better utilization of machineries and cost control measures, the company was able to turn around into a Profitable Company, with a PAT of Rs.5.613 million (2.42% on turnover of Rs.231.486 million) as against previous year loss of Rs.5.424 million.

In the current year 2007-08, the automobile industry, which is poised for a high growth will provide us ample opportunities for the growth of our company. Moreover with new and increased orders from existing major customers viz., Ashok Leyland, Sigma Vibracoustic, Trelleborg Automotive etc., and with new entrance of various automobile giants into our country, being hub for automobile ancillaries, will also give us opportunities for good growth and better profitability.

English Tools and Castings Limited

REPORT OF THE DIRECTORS (Contd.,)

RE-STRUCTURING

As stated in the last year's report, the accumulated loss of Rs.197.652 million is being dealt with by way of reduction of capital. The company had applied to Honourable High Court, Chennai for restructuring its share capital by way of reduction of capital, from Rs.276.989 Million to Rs.79.337 Million. We are expecting the approval within the end of June 2007.

DIRECTORS

Mr. M. Sampath Kumar and Mr. P. Madhusudhan resigned from the Board with effect from 13th July 2006. The directors would like to place on record their appreciation for their valuable contribution made for the development of the company during their tenure as director.

Dr. V.G. Ratnam resigned from the Board with effect from 20th January 2007. The directors would like to place on record their appreciation for his valuable contribution made for the development of the company during his tenure as Director and Chairman of Audit Committee.

Mr. Vijay Mohan, director retires by rotation at the ensuing 13th Annual General Meeting and is eligible for re-appointment.

Mr. Viren Mohan has joined the Board of Directors on 20th October 2006 as an additional director under section 260 of the Companies Act, 1956. He vacates the office on the date of the forthcoming 13th Annual General Meeting and is eligible for 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.

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.

APPOINTMENT OF COMPANY SECRETARY

The company is required to appoint a full time Company Secretary under section 383A of the Companies Act 1956. The company has initiated necessary steps for appointing a Company Secretary to comply with the provisions of the Companies Act.

PARTICULARS OF EMPLOYEES

The company does not have employees drawing remuneration attracting the provisions of section 217 (2A) of the Companies Act 1956.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm:

- a) that the applicable accounting standards have been followed along with proper explanation wherever required in the preparation of Annual Accounts.

REPORT OF THE DIRECTORS (Contd.,)

- b) that the company has adopted prudent accounting policies.
- c) that proper care has been taken for maintenance of accounting records in accordance with the provisions of the Act and
- d) that the Annual Accounts of the company have been prepared 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.

Coimbatore
21st May 2007

By order of the Board
K. Janardhanan **Viren Mohan**
Managing Director Executive Director

English Tools and Castings Limited

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR 2006-07

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 : We have installed Energy saving devices both in Die-casting division and Plastic moulding division. We have planned to go for alternative fuel to reduce the cost of melting in Die-casting. We have also planned for Energy Saving Audit to be conducted by experts and implementation of the same during the year.
- b) Additional Investments and Proposal : The top executives of the company are contemplating the possibility of revamping the machinery to bring down the cost of power considerably.
- c) Energy Consumption as per Form-A :

| PARTICULARS | | 2006-07 | 2005-06 |
|---------------------------------------|-------------|-----------|-----------|
| 1) Electricity Charges | Rs. Million | 14.641 | 12.740 |
| 2) EB Units Purchased | Kwh. | 3,208,509 | 2,695,946 |
| 3) Rate per Unit Purchased | Rs. | 4.56 | 4.73 |
| 1) Generator - Diesel | Rs. Million | 1.301 | 0.636 |
| 2) Units Generated | Kwh. | 129,168 | 52,418 |
| 3) Cost per Unit Generated | Rs. | 10.07 | 12.13 |
| 1) Total Power & Fuel (Excluding LPG) | Rs. Million | 15.942 | 13.376 |
| 2) Units Purchased/generated | Kwh. | 3,337,677 | 2,748,364 |
| 3) Cost per Unit Consumed | Rs. | 4.78 | 4.87 |
| 1) Liquified Petroleum Gas (LPG) | Rs. Million | 8.769 | 5.664 |
| 2) Kgs Consumed | Kgs. | 253,782 | 166,343 |
| 3) Cost per Kg | Rs. | 34.55 | 34.05 |

b. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

We have produced higher weightage component which is being used in automobile transmission wherein the dimensional stability is very important due to thermal shocks. Our Engineering department is working on chemical ageing of the finished components. This will be helpful to mould the future cylinder blocks for automobiles.

c. FOREIGN EXCHANGE EARNINGS & OUTGO

- i. Earnings in Foreign Exchange (FOB) : Rs.0.633 Million (Previous Year Rs.5.155 Million)
- ii. Outgo in Foreign Currency (CIF) : Rs.0.763 Million (Previous Year Rs.3.418 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, 2007 and also the Profit and Loss Account for the year ended on that date annexed there to and the Cash Flow Statement for the year ended on that date. These Financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 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 2007;
 - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

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

Coimbatore
21st May 2007.

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) The machining division, a unit of the company has been disposed off during the year. This has not affected the going concern assumption.
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.
 - 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.

English Tools and Castings Limited

ANNEXURE TO AUDITOR'S REPORT (Contd..)

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 not taken loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
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 Lakhs 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.
9. 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, Customs duty, Excise duty, Cess and other statutory dues.
- b) According to the information and explanations given to us, there has been no disputed dues under Sales tax, Service tax, Income tax, Customs duty, Excise duty and Cess.
10. The accumulated loss of the company as at 31st March 2007 is more than fifty percent of its net worth. The company had applied to Honourable High Court, Chennai for restructuring its share capital by way of reduction of capital for which the approval is yet to be received. The company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. The company has not defaulted in repayment of its dues to financial institution and banks.
12. 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.
13. The provisions of special statutes applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures or other investments.
15. 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.
16. The company has applied term loan for the purposes for which they were obtained.
17. 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.
18. 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.
19. During the year, the company has not issued debentures.
20. During the year, the company has not raised money by public issue.
21. According to the information and explanations 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,
21st May 2007.

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

BALANCE SHEET AS AT 31st MARCH 2007

| PARTICULARS | Schedule | 31.03.2007 Rs. Million | 31.03.2006 Rs. Million |
|---|----------|---------------------------|---------------------------|
| A. SOURCES OF FUNDS | | | |
| 1. Shareholders' Funds | | | |
| Share Capital | I | 276.989 | 276.989 |
| Reserves & Surplus | II | — | — |
| | | <u>276.989</u> | <u>276.989</u> |
| 2. Borrowed Funds | | | |
| Secured Loans | III | 94.950 | 54.123 |
| | | <u>371.939</u> | <u>331.112</u> |
| Total Capital Employed | | | |
| B. APPLICATION OF FUNDS | | | |
| 1. Fixed Assets | | | |
| Gross Block | IV | 187.265 | 380.808 |
| Less : Impairment of Fixed Assets | | — | 149.772 |
| : Goodwill written off | | — | 60.946 |
| | | <u>187.265</u> | <u>170.090</u> |
| Less : Accumulated Depreciation | | 90.004 | 79.799 |
| Net Block | | <u>97.261</u> | <u>90.291</u> |
| 2. Current Assets, Loans & Advances | | | |
| Sundry Debtors | V | 105.931 | 51.399 |
| Stock In Trade | VI | 23.830 | 16.095 |
| Cash & Bank Balances | VII | 3.168 | 1.372 |
| Loans, Advances & Deposits | VIII | 7.797 | 5.627 |
| Total Current Assets | | <u>140.726</u> | <u>74.493</u> |
| Less : Current Liabilities & Provisions | IX | 59.508 | 32.745 |
| Net Current Assets | | <u>81.218</u> | <u>41.748</u> |
| 3. Deferred Tax Asset | | | |
| | X | 1.421 | 1.421 |
| 4. Miscellaneous expenses to the extent not written off/adjusted | | | |
| Preliminary Expenses | XI | — | — |
| Deferred Revenue Expenditure | XII | — | — |
| Profit & Loss Account | XIII | 192.039 | 197.652 |
| | | <u>371.939</u> | <u>331.112</u> |
| Total Assets | | | |

Schedule I to XIII, 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, 21st May, 2007

For and on behalf of the Board

K. Janardhanan
Managing Director

Viren Mohan
Executive Director

English Tools and Castings Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

| PARTICULARS | Schedule | 2006-07 Rs. Million | 2005-06 Rs. Million |
|--|----------|------------------------|------------------------|
| INCOME | | | |
| Sales & Service Charges Received | XIV | 231.486 | 169.790 |
| Increase / (Decrease) In Stock | XVI | (0.479) | (22.141) |
| Production Value | | 231.007 | 147.649 |
| EXPENDITURE | | | |
| Raw Materials Consumed | XVII | 132.985 | 73.155 |
| Labour Charges Paid | | 9.566 | 4.960 |
| Employee's Cost | XVIII | 21.284 | 20.330 |
| Power & Fuel | | 24.711 | 19.040 |
| Stores & Spares Consumed | | 7.995 | 6.198 |
| Repairs & Maintenance | XIX | 5.084 | 5.104 |
| Other Expenditure | XX | 3.768 | 6.755 |
| Total Expenditure | | 205.393 | 135.542 |
| Profit Before Interest, Depreciation & Other Income | | 25.614 | 12.107 |
| Add : Other Income | XV | 1.053 | 0.587 |
| | | 26.667 | 12.694 |
| Less : Interest & Finance Charges | XXI | 8.022 | 4.427 |
| Depreciation | | 12.186 | 13.541 |
| | | 6.459 | (5.274) |
| Adj : Prior Period Items | XXII | — | 0.006 |
| Profit / (Loss) Before Tax | | 6.459 | (5.268) |
| Less : Provision For Taxation: | | | |
| Current Tax | | 0.745 | — |
| Fringe Benefit Tax | | 0.101 | 0.156 |
| Deferred Tax | | — | — |
| Profit / (Loss) After Tax | | 5.613 | (5.424) |
| Adj : Extra-Ordinary Items: | | | |
| Reorganisation Loss written off | | — | 197.010 |
| Balance Transferred To Balance Sheet | | 5.613 | (202.434) |
| Earnings per Share (Basic) (in Rupees) | | | |
| 1. Earnings per Share before Extra-Ordinary items | | 0.20 | (0.20) |
| 2. Earnings per Share after Extra-Ordinary items | | 0.20 | (7.31) |

Schedule XIV to XXII, 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, 21st May, 2007

For and on behalf of the Board

K. Janardhanan
Managing Director

Viren Mohan
Executive Director

SCHEDULES FORMING PART OF THE ACCOUNTS

| PARTICULARS | 31.03.2007 Rs. Million | 31.03.2006 Rs. Million | PARTICULARS | 31.03.2007 Rs. Million | 31.03.2006 Rs. Million |
|---|---------------------------|---------------------------|--|---------------------------|---------------------------|
| Schedule - I SHARE CAPITAL | | | Schedule - III SECURED LOANS | | |
| A) Authorised Capital 30,000,000 Equity Shares of Rs.10/- each | 300.000 | 300.000 | Term Loans from Banks | 27.041 | 15.522 |
| B) Issued, Subscribed and Paid-up 27,698,921 Equity Shares of Rs.10/- each fully paid | 276.989 | 276.989 | Working Capital Borrowings from Banks | 60.176 | 28.188 |
| | 276.989 | 276.989 | Working Capital Borrowings from Financial Institution | 7.592 | 9.844 |
| Schedule - II RESERVES & SURPLUS | | | Hire Purchase Loans | | |
| Opening Balance in General Reserve | — | 1.146 | Hire Purchase Loans from Banks | 0.141 | 0.356 |
| Opening Balance in P & L Account | — | 3.636 | Hire Purchase Loans from companies | — | 0.213 |
| | — | 4.782 | | 94.950 | 54.123 |
| Less : Transferred to P & L A/c (To adjust Debit Balance in P & L Account) | — | 4.782 | | | |
| | — | — | | | |

Schedule - IV FIXED ASSETS

(Rs. Million)

| Description | Gross Block | | | Depreciation | | | | Net Block | | |
|----------------------------------|---------------------|---------------|--------------|---------------------|--------------------|-----------------|----------------|---------------------------|---------------------|---------------------|
| | As on 31.03.2006 | Additions | Deletions | As on 31.03.2007 | Upto 31.03.2006 | For the Year | With- drawn | Total as on 31.03.2007 | As on 31.03.2007 | As on 31.03.2006 |
| Land | 0.410 | — | — | 0.410 | — | — | — | — | 0.410 | 0.410 |
| Building | 40.478 | 0.846 | 0.182 | 41.142 | 17.141 | 1.337 | 0.012 | 18.466 | 22.676 | 23.337 |
| Plant & Machinery | 102.961 | 18.884 | 5.646 | 116.199 | 51.501 | 7.549 | 1.524 | 57.526 | 58.673 | 51.460 |
| Furniture & Fittings | 1.909 | 0.119 | 0.090 | 1.938 | 1.408 | 0.119 | 0.019 | 1.508 | 0.430 | 0.501 |
| Office Equipments & Computers | 5.328 | 2.564 | 0.364 | 7.528 | 2.691 | 0.881 | 0.230 | 3.342 | 4.186 | 2.637 |
| Electrical Fittings | 13.617 | 0.786 | 0.312 | 14.091 | 6.226 | 1.612 | 0.109 | 7.729 | 6.362 | 7.391 |
| Lab Equipments | 2.423 | 0.256 | — | 2.679 | 0.118 | 0.379 | — | 0.497 | 2.182 | 2.305 |
| Vehicles | 2.964 | 0.787 | 0.473 | 3.278 | 0.714 | 0.309 | 0.087 | 0.936 | 2.342 | 2.250 |
| Total | 170.090 | 24.242 | 7.067 | 187.265 | 79.799 | 12.186 | 1.981 | 90.004 | 97.261 | 90.291 |
| Previous Year | 419.062 | 12.495 | 261.467 | 170.090 | 70.255 | 13.541 | 3.997 | 79.799 | 90.291 | 348.807 |

English Tools and Castings Limited

SCHEDULES (Contd.)

| PARTICULARS | 31.03.2007 Rs. Million | 31.03.2006 Rs. Million | PARTICULARS | 31.03.2007 Rs. Million | 31.03.2006 Rs. Million |
|---|---------------------------|---------------------------|---|---------------------------|---------------------------|
| Schedule - V SUNDRY DEBTORS (Unsecured and Considered Good) | | | Schedule - X DEFERRED TAX ASSET | | |
| Due from Holding Company | 1.798 | 1.183 | Opening Balance | 1.421 | 1.421 |
| Debtors outstanding for a period exceeding six months | 16.979 | 5.667 | Less : Deferred Tax written off | — | — |
| Debtors less than six months | 87.154 | 44.549 | | 1.421 | 1.421 |
| | 105.931 | 51.399 | Schedule - XI PRELIMINARY EXPENSES | | |
| Schedule - VI STOCK IN TRADE (At lower of cost and net realisable value) (As Certified by Managing Director) | | | Opening Balance | — | 0.003 |
| Raw Materials | 12.102 | 6.090 | Less : Written off | — | 0.003 |
| Stores & Consumables | 3.694 | 1.492 | | — | — |
| Work In Progress | 8.034 | 8.513 | | — | — |
| | 23.830 | 16.095 | Schedule - XII DEFERRED REVENUE EXPENDITURE | | |
| Schedule - VII CASH & BANK BALANCES | | | Opening Balance | — | 2.037 |
| Cash on Hand | 0.097 | 0.059 | Add : Incurred during the year | — | — |
| Cash at Bank | | | Less : Written Off during the year - Extra Ordinary Items | — | 2.037 |
| Current Accounts | 2.026 | 0.313 | | — | — |
| Deposit Accounts | 1.045 | 1.000 | | — | — |
| | 3.168 | 1.372 | Schedule - XIII PROFIT & LOSS ACCOUNT | | |
| Schedule - VIII LOANS, ADVANCES & DEPOSITS | | | Opening Debit Balance in P & L Account | 197.652 | — |
| Advances Recoverable in cash or kind or for value to be received and considered good | 4.214 | 2.301 | Adj : (Net Profit) / Loss for the year | (5.613) | 202.434 |
| Deposits | 2.234 | 2.148 | | 192.039 | 202.434 |
| | 6.448 | 4.449 | Less : Transfer from Reserves & Surplus | — | 4.782 |
| Prepaid Expenses | 0.278 | 0.332 | | 192.039 | 197.652 |
| Tax Deducted At Source | 1.071 | 0.846 | Schedule - XIV SALES & SERVICE CHARGES | | |
| | 7.797 | 5.627 | Domestic : | 2006-07 | 2005-06 |
| Schedule - IX CURRENT LIABILITIES & PROVISIONS | | | | (Rs. Million) | |
| Sundry Creditors & Other Current Liabilities | 57.500 | 31.914 | Die Casting, Plastic Moulding, Tool Room & Machining Divisions : | | |
| Interest Accrued but not due on Loans | 0.650 | 0.163 | Sale of Dies, Tools & Moulds | 29.199 | 27.131 |
| Provision for Income Tax | 1.257 | 0.512 | Sale of Components | 232.036 | 124.388 |
| Provision for Fringe Benefit Tax | 0.101 | 0.156 | Service Charges Received | 12.796 | 17.992 |
| | 59.508 | 32.745 | | 274.031 | 169.511 |
| | | | Less : Excise Duty | 33.767 | 19.379 |
| | | | Sales Tax | 9.416 | 4.946 |
| | | | Domestic Sales (Sub Total) | 230.848 | 145.186 |

SCHEDULES (Contd.,)

| PARTICULARS | 2006-07 Rs. Million | 2005-06 Rs. Million | PARTICULARS | 2006-07 Rs. Million | 2005-06 Rs. Million |
|--|------------------------|------------------------|---|------------------------|------------------------|
| Schedule - XIV (Contd.,) | | | Schedule - XVII RAW MATERIALS CONSUMED | | |
| Press Shop Division : | | | Opening Stock | 6.090 | 5.930 |
| Sale of Dies, Tools & Moulds | — | 10.118 | Less : Written off in the current year (Extra-Ordinary Item) | — | 1.380 |
| Sale of Components | — | 9.267 | | | |
| | | 19.385 | Add : Purchases of Raw Materials | 140.707 | 75.857 |
| Less : Excise Duty | — | — | | 146.797 | 80.407 |
| Sales Tax | — | — | Less : Sale of Scrap | 1.710 | 1.162 |
| Domestic Sales (Sub Total) | — | 19.385 | | 145.087 | 79.245 |
| Domestic Sales (Total) | 230.848 | 164.571 | Less : Closing Stock | 12.102 | 6.090 |
| Export: | | | | 132.985 | 73.155 |
| Die Casting, Plastic Moulding, Tool Room and Machining Division : | | | Schedule - XVIII - EMPLOYEE'S COST | | |
| Sale of Components | 0.638 | 0.565 | Pay, Allowances & Exgratia | 18.295 | 16.033 |
| Sale of Dies, Tools & Moulds | — | 4.654 | Company's Contribution to PF, ESI & Gratuity Funds | 1.997 | 3.380 |
| Export Sales (Total) | 0.638 | 5.219 | Welfare Expenses | 0.992 | 0.917 |
| Total Sales & Service Charges | 231.486 | 169.790 | | 21.284 | 20.330 |
| Schedule - XV OTHER INCOME | | | Schedule - XIX - REPAIRS & MAINTENANCE | | |
| Interest | 0.424 | 0.183 | Buildings | 0.599 | 0.325 |
| Insurance Claim | 0.100 | 0.029 | Machinery & Electricals | 2.828 | 3.914 |
| Rent & Lease Charges | — | 0.030 | Others | 1.657 | 0.865 |
| Other Receipts | 0.111 | 0.104 | | 5.084 | 5.104 |
| Recovery of Bad Debts Written off | 0.068 | — | Schedule - XX - OTHER EXPENDITURE | | |
| Sundry Credits Written Back | 0.350 | 0.241 | Printing & Stationery | 0.347 | 0.338 |
| | 1.053 | 0.587 | Postage & Telephone | 0.368 | 0.493 |
| Schedule - XVI INCREASE / (DECREASE) IN STOCK OF WORK IN PROGRESS | | | Rent, Rates, Duty & Taxes | 0.480 | 1.518 |
| Opening Work-in-Progress | 8.513 | 70.432 | Insurance | 0.422 | 0.511 |
| Less : Written off during the year (Extra-Ordinary Item) | — | 39.778 | Bank Charges | 0.664 | 0.612 |
| | 8.513 | 30.654 | Travelling & Conveyance | 0.395 | 0.324 |
| Closing Work-in-Progress | 8.034 | 8.513 | Freight & Forwarding | 0.817 | 0.553 |
| | (0.479) | (22.141) | Advertisement & Sales Promotion | 0.220 | 0.164 |
| | | | Bad Debts Written Off | 0.105 | 0.215 |
| | | | Director's Sitting Fees | 0.158 | 0.154 |
| | | | C/f | 3.976 | 4.882 |

English Tools and Castings Limited

SCHEDULES (Contd.)

| PARTICULARS | 2006-07 Rs. Million | 2005-06 Rs. Million | PARTICULARS | 2006-07 Rs. Million | 2005-06 Rs. Million |
|----------------------------------|------------------------|------------------------|--|------------------------|------------------------|
| Schedule - XX (Contd.,) | | | Schedule - XXI - INTEREST & FINANCE CHARGES | | |
| | B/f | | Interest Charges on- | | |
| Auditor's Remuneration | 3.976 | 4.882 | - Fixed Loans | 1.991 | 0.960 |
| Professional Charges, | 0.068 | 0.058 | - Other Loans | 6.031 | 3.467 |
| Books & Periodicals | 0.567 | 0.338 | | | |
| Security Service Charges | 0.351 | 0.345 | | 8.022 | 4.427 |
| Miscellaneous Expenses | 0.306 | 0.567 | | | |
| Donation | 0.025 | — | | | |
| Discount Allowed | 0.198 | 0.122 | Schedule - XXII - PRIOR PERIOD ITEMS | | |
| Additional Sales Tax | 0.871 | — | Excess Audit Fees | | |
| Foreign Exchange Loss | 0.020 | 0.077 | provision reversed | — | 0.006 |
| Loss/(Profit) on Sale of Assets | (2.614) | 0.363 | | | |
| Preliminary Expenses written off | — | 0.003 | | — | 0.006 |
| | | | | | |
| | <u>3.768</u> | <u>6.755</u> | | | |

SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION

Accounts have been prepared under Historical Cost Convention and as per the requirements of the Companies Act, 1956.

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.

3) VALUATION OF INVENTORIES

Inventories are valued at lower of cost and Net realizable value.

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 exchange rate as on the balance sheet date and any

difference on realisation / settlement is recognized in the Profit & Loss account except in cases where they relate to the Fixed Asset in which case they are adjusted to the carrying cost of such assets.

6) RETIREMENT BENEFITS

Gratuity : The liability in respect of gratuity payable to the employees of the company is covered by a scheme of LIC.

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

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 and deferred tax asset on other timing difference have not been recognized on prudence.

9) ACCOUNTING STANDARDS

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

English Tools and Castings Limited

NOTES FORMING PART OF ACCOUNTS (Contd..)

| | 2006-07 | 2005-06 |
|--|-------------|---------|
| | Rs. Million | |
| d. CIF value of Imports of the company | 0.595 | 3.418 |
| e. FOB value of exports | 0.633 | 5.155 |
| f. Other expenditure in foreign exchange | 0.168 | — |

10. List of Related parties with whom transactions have taken place during the year 2006-07 and Relationship :

Holding Company : Pricol Limited; **Key Management Personnel** : Mr. K. Janardhanan & Mr. Viren Mohan; **Fellow Subsidiaries** : Integral Investments Ltd. and PT Pricol Surya; **Others** : Pricol Packaging Limited, Prime Agri Solutions (India) Limited, Pricol Technologies Limited, Pricol Travel Limited, Penta Enterprises (India) Limited, Xenos Technologies Limited, Synoro Technologies Limited, Shanmuga Steel Industries Limited, Carcerano Pricoltech (India) Private Ltd., Pricol Property Development Ltd., Priana Enterprises India Ltd., Pricol Holdings Ltd., Pricol Corporate Services Ltd., Ellargi & Co., Libra Industries, Leo Industries and Bhavani Treads.

(Rs. Million)

| Nature of Transaction | Holding Company | | Fellow Subsidiaries | | Key Mgmt Personnel | | Others | |
|---------------------------------|-----------------|---------|---------------------|---------|--------------------|---------|---------|---------|
| | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 |
| Purchase/Labour charges paid | 1.934 | 0.387 | — | — | — | — | 0.003 | 0.320 |
| Sales / Labour charges received | 22.928 | 14.156 | — | — | — | — | 0.282 | 0.550 |
| Receiving of Services | — | — | — | — | 0.051 | 0.030 | 0.060 | 0.010 |
| Advance received | — | 2.000 | — | — | — | — | — | — |
| Advance paid | — | 2.000 | — | — | — | — | — | — |
| Interest paid | — | 0.020 | — | — | — | — | — | — |

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

PART – IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Rs. Thousand

I. Registration Details

Registration No. 181 – 5583 State Code - 18 Balance Sheet Date 31.03.2007

II. Capital Raised during the year:

Public Issue Nil Bonus Issue Nil
Rights Issue Nil Private Placement Nil

III. Position of Mobilization and Deployment of Funds

| | | | |
|-------------------------|---------|-----------------------------|---------|
| Total Liabilities | 371,939 | Total Assets | 371,939 |
| Sources of Funds | | Application of Funds | |
| Paid - Up Capital | 276,989 | Net Fixed Assets | 97,261 |
| Reserves & Surplus | Nil | Net Current Assets | 81,218 |
| Secured Loans | 94,950 | Deferred Tax | 1,421 |
| Unsecured Loans | Nil | Misc. Expenditure | 192,039 |

IV. Performance of Company

| | | | |
|-----------------------------------|---------|---------------------------|---------|
| Total Turnover / Production Value | 231,007 | Total Expenditure | 224,548 |
| Profit / (Loss) Before Tax | 6,459 | Profit / (Loss) After Tax | 5,613 |
| Earnings Per Share (in Rs.) | 0.20 | Dividend Rate | Nil |

V. Generic Names of Three products / services of Company (as per monetary terms)

| | | | |
|---------------------|--------------|----------------------------------|--------------------|
| ITC Code No. | 722830.14 | 761090.02 | 3132 (NIC Code) |
| Product Description | Tools & Dies | Aluminium Die Casting Components | Plastic Components |

As per our report of date attached
For Narayan & Dharan
Chartered Accountants
K. Badri Narayanan, Partner
Membership No.024550
Coimbatore, 21st May, 2007

By order of the Board

K. Janardhanan
Managing Director

Viren Mohan
Executive Director

English Tools and Castings Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

| | 2006-07 Rs. Million | 2005-06 Rs. Million |
|--|------------------------|------------------------|
| A. Cash flow from operating activities: | | |
| Net Profit / (Loss) Before Tax | 6.459 | (5.268) |
| Adj. : Depreciation | 12.186 | 13.541 |
| (Profit) / Loss on Sale of Assets (Net) | (2.614) | 0.363 |
| Deferred Revenue expenses written off | — | 0.003 |
| Interest and Finance charges | 8.022 | 4.427 |
| | <u>17.594</u> | <u>18.334</u> |
| Operating Profit Before Working Capital changes | 24.053 | 13.066 |
| Decrease / (Increase) in Trade and other receivables | (56.497) | (24.640) |
| Decrease / (Increase) in Inventories | (7.735) | 23.696 |
| Increase / (Decrease) in Trade and other payables | 25.586 | (40.894) |
| | <u>(38.646)</u> | <u>(41.838)</u> |
| Cash Outflow on Operations | (14.593) | (28.772) |
| Taxes paid (including Fringe Benefit Tax) | (0.362) | (0.512) |
| Net Cash outflow on Operations | (14.955) | (29.284) |
| B. Cash flow from investing activities: | | |
| Purchase of Fixed Assets | (24.242) | (13.802) |
| Sale of fixed assets (including Press Shop Assets) | 7.701 | 45.577 |
| | <u>(16.541)</u> | <u>31.775</u> |
| C. Cash flow from financing activities: | | |
| Secured loan obtained | 40.827 | 1.708 |
| Interest paid | (7.535) | (4.737) |
| | <u>33.292</u> | <u>(3.029)</u> |
| Net Increase / (Decrease) in cash and cash equivalents | 1.796 | (0.538) |
| Cash and cash equivalents As at 01.04.2005 and 01.04.2006 (Opening Balance) | 1.372 | 1.910 |
| Cash and cash equivalents As at 31.03.2006 and 31.03.2007 (Closing Balance) | <u>3.168</u> | <u>1.372</u> |

As per our report of date attached
For Narayan & Dharan
Chartered Accountants
K. Badri Narayanan, Partner
Membership No.024550
Coimbatore, 21st May, 2007

By order of the Board

K. Janardhanan
Managing Director

Viren Mohan
Executive Director