

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.



English Tools and Castings Limited

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:

Rs. Million

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.

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.

English Tools and Castings Limited

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

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)

English Tools and Castings Limited

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

Coimbatore
21st May 2007.

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) 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.

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

English Tools and Castings Limited

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
Total Capital Employed		<u>371.939</u>	<u>331.112</u>
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
Total Assets		<u>371.939</u>	<u>331.112</u>

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

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

English Tools and Castings Limited

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

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
	<u>105.931</u>	<u>51.399</u>	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		—	—
	<u>23.830</u>	<u>16.095</u>	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		—	—
	<u>3.168</u>	<u>1.372</u>	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		
	<u>7.797</u>	<u>5.627</u>	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
	<u>59.508</u>	<u>32.745</u>		274.031	169.511
			Less : Excise Duty	33.767	19.379
			Sales Tax	9.416	4.946
			Domestic Sales (Sub Total)	<u>230.848</u>	<u>145.186</u>

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 - 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

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

SIGNIFICANT ACCOUNTING POLICIES

- ACCOUNTING CONVENTION**
Accounts have been prepared under Historical Cost Convention and as per the requirements of the Companies Act, 1956.
- 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.
- VALUATION OF INVENTORIES**
Inventories are valued at lower of cost and Net realizable value.
- REVENUE RECOGNITION**
The Company has been constantly adopting accrual system of accounting for income and expenditure.
- 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.
- RETIREMENT BENEFITS**
Gratuity : The liability in respect of gratuity payable to the employees of the company is covered by a scheme of LIC.
- BORROWING COSTS**
Borrowing costs are charged to revenue. There are no assets, during the year for which borrowing cost is to be capitalized.
- 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.
- 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 FOR THE YEAR ENDED 31st MARCH, 2007

1) SECURED LOAN

Cash Credit facilities from banks are secured by 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 suppliers' bill-discounting limit are secured by charge on fixed assets and current assets of the company.

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

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

3) FOREIGN EXCHANGES EARNING & OUTGO:

	2006-07	2005-06
	Rs. Million	
i. Earnings in Foreign Exchange (FOB)	0.633	5.155
ii. Outgo in Foreign Currency (CIF)	0.763	3.418

	2006-07	2005-06
	Rs. Million	
4) Remuneration paid to Auditor's includes: (Excluding Service Tax)		
Audit Fees	0.050	0.040
Taxation Matters	0.018	0.018

5) Remuneration paid to Directors

Salary & Gratuity	Nil	0.282
Sitting Fees	0.158	0.154

6) RESTRUCTURING

As stated in the last year's report accumulated loss of Rs.197.652 million is being dealt with by way of reduction of capital. The company had applied to the 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. The company is expecting approval within the end of June 2007.

7) Amount due to Small Scale Industrial Undertakings & Micro, Small and Medium Enterprises are not ascertainable due to non availability of relevant information.

8) CONTINGENT LIABILITY

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

9) 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:-

		2006-07	2005-06	2006-07	2005-06
a. Installed Capacity and Actual Production : Main Products		Installed capacity		Production & Sales (Excl. Labour basis)	
Die Casting Components	(in Tonnes)	1,200	1,200	932	587
Tools & Dies	(in Nos.)	220	220	38	42
Injection Moulding Components	(Nos. in million)	1.800	1.800	0.842	0.438
Sheet Metal Components	(in Tonnes)	—	—	—	—
b. Quantitative Details : Raw Materials		Opening Stock		Closing Stock	
Aluminium & Zinc Ingots	(in Kgs.)	29,008	21,701	79,443	29,008
Plastic Granules / ABS Polymers	(in Kgs.)	8,992	12,345	23,941	8,992
Steel Sheets	(in Kgs.)	—	7,673	—	—
		Purchase		Consumption	
Aluminium & Zinc Ingots	(in Kgs.)	959,804	604,073	909,369	596,766
Plastic Granules / ABS Polymers	(in Kgs.)	121,295	76,900	106,346	80,253
Steel Sheets	(in Kgs.)	—	—	—	7,673
c. Quantitative Details : Finished Goods		Opening & Closing Stock		Production & Sales (Excl. Labour basis)	
Tools & Dies	(in Nos.)	—	—	38	42
Die Casting Components	(in Tonnes)	—	—	932	587
Injection Moulding Components	(Nos. in million)	—	—	0.842	0.438
Sheet Metal Components	(in Tonnes)	—	—	—	—

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.

English Tools and Castings Limited

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

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	<u>(14.955)</u>	<u>(29.284)</u>
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