
ENGLISH TOOLS AND CASTINGS LIMITED

BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman
Mr. K. Janardhanan, Managing Director
Mr. P. Vijay Raghunath
Mr. A. Venkatesan
Mr. Viren Mohan, Executive Director
Mr. D. Ravichandran, Director (w.e.f 20th July 2007)
Mrs. Gita Srivatsan, Director (w.e.f 20th July 2007)
Mr. Vikram Mohan, Alternate Director to Mr. Viren Mohan
(w.e.f. 23rd January 2008)

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.	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 have pleasure in presenting the Fourteenth Annual Report and Audited Accounts for the financial year ended 31st March 2008.

WORKING RESULTS

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

Rs. Million

Particulars	2007-08	2006-07
Sales & Service Charges - Domestic	245.932	230.848
- Export	0.706	0.638
Total	246.638	231.486
Profit before Interest, Depreciation & Other Income	31.704	25.614
Less : Interest & Finance charges	13.505	8.022
: Depreciation	14.758	12.186
Add : Other Income	1.821	1.053
Profit before Tax	5.262	6.459
Less : Provision for Tax - Current Tax	0.626	0.745
- Fringe Benefit Tax	0.116	0.101
Profit after Tax	4.520	5.613
Balance brought forward	(192.039)	(197.652)
Adjusted for Capital reduction	197.652	—
Balance Carried to Balance Sheet	10.133	(192.039)

REVIEW OF OPERATIONS & OUTLOOK

During the year 2007-08, the Company has achieved a turnover of Rs.246.638 million, as against previous year turnover of Rs.231.486 million, recording a growth of 6.55%. Most of our products are automotive related that too for heavy commercial vehicles, where the market has dipped by 4.5%, which has affected our growth.

The Company has made a net profit of Rs.4.520 million compared to previous year profit of Rs.5.613 million. The dip in the profitability was mainly due to increase in prices of raw material in the last quarter and overall increase in power and rate of interest during the year. Steps are being taken for obtaining price revision with our major customers.

The Company is now focusing on diversification of the products. Apart from main automotive products, we have entered into engineering and lighting industry. This will help us to improve the profitability and turnover.

For the current year 2008-09, the Company is focusing on optimum utilization of all resources and process improvement. The automobile transmission components developed for M/s. Greaves Cotton Ltd., and M/s. International Tractors Ltd., will be productionised during the current year. This will increase our opportunities for good growth and better profitability.

RE-STRUCTURING

As informed in previous year's report, the company has obtained approval from 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.

DIRECTORS

Mr. P. Vijay Raghunath, director retires by rotation at the ensuing meeting and is eligible for re-appointment.

Mrs. Gita Srivatsan has joined the Board of Directors on 20th July 2007 as an additional director under section 260 of the Companies Act, 1956. She vacates the office on the date of the forthcoming 14th Annual General Meeting and is eligible for appointment.

Mr. D. Ravichandran has joined the Board of Directors on 20th July 2007 as an additional director under section 260 of the Companies Act, 1956. He vacates the office on the date of the forthcoming 14th Annual General Meeting and is eligible for appointment.

REPORT OF THE DIRECTORS (Contd.,)

Mr. Vikram Mohan has been appointed as an alternate director to Mr. Viren Mohan, w.e.f. 23rd January 2008.

Mr. K. Janardhanan, Managing Director is entitled to managerial remuneration with effect from 1st April 2008, subject to the approval of the shareholders in the ensuing Annual General Meeting.

COMPANY SECRETARY

Mrs. Praveena Dhanagopal has been appointed as the Company Secretary with effect from 19th May 2008.

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.

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

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 2008, 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 profit 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 2008, 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 for the contribution made by the management team and the employees at all levels.

Coimbatore
19th May 2008

By order of the Board
Vijay Mohan **K. Janardhanan**
Chairman 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 energy savers in few machines during the previous year, the Company was able to reduce the energy consumption. Steps are being taken for expansion of the same to other high power consuming machineries.

Usage of furnace oil for melting of aluminium ingots on bulk melting furnace is under trial run. This will reduce the energy cost, as presently LPG is being used which is costlier compared to furnace oil.

b) **Additional Investments and Proposal** : The proposal for usage of Biomass Gasifier as alternative fuel is under study to reduce the energy cost. Heavy machines are being fitted with frequency drives to reduce the energy consumption.

c) Energy Consumption as per Form-A :

PARTICULARS		2007-08	2006-07
1) Electricity Charges	Rs. Million	16.066	14.641
2) EB Units Purchased	Kwh.	3,573,865	3,208,509
3) Rate per Unit Purchased	Rs.	4.50	4.56
1) Generator - Diesel	Rs. Million	2.574	1.301
2) Units Generated	Kwh.	261,631	129,168
3) Cost per Unit Generated	Rs.	9.84	10.07
1) Total Power & Fuel (Excluding LPG)	Rs. Million	18.640	15.942
2) Units Purchased/generated	Kwh.	3,835,496	3,337,677
3) Cost per Unit Consumed	Rs.	4.86	4.78
1) Liquified Petroleum Gas (LPG)	Rs. Million	10.521	8.769
2) Kgs Consumed	Kgs.	2,81,716	253,782
3) Cost per Kg	Rs.	37.35	34.55

b. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

The Company has taken components which are being used in pressure and fit functions. This invites tool making accuracy, metallurgical controls and as well as precision machining expertise. The efforts put in for developing heavy weight transmission housing component for Ashok Leyland has built confidence with other automotive manufacturers for developing all range of transmission housing component with our company. Now our engineering team is working on Aluminium special alloy casting and Brass die casting.

c. FOREIGN EXCHANGE EARNINGS & OUTGO

- i. Earnings in Foreign Exchange (FOB) : Rs.0.622 Million (Previous Year Rs.0.633 Million)
- ii. Outgo in Foreign Currency (CIF) : Rs.6.292 Million (Previous Year Rs.0.763 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, 2008 and also the Profit & Loss Account for the year ended on that date annexed there to and the Cash Flow statement for the period ended on that date. These Financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 & Loss Account dealt with by this report are in agreement with the books of account.
- 4) In our opinion the Balance Sheet and Profit & 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, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 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 2008;
 - 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 flows for the year ended on that date.

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

Coimbatore
19th May 2008.

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.
- 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.

ANNEXURE TO AUDITOR'S REPORT (Contd..)

- 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 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.
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, 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, 2005-06, 2006-07	Entry Tax	3,640,155	Nil	Interim stay granted by High Court
2.	TNGST	-do-	Sales Tax	2,085,061	Nil	-do-
3.	TNGST	2005-06	Sales Tax	435,682	Nil	-do-

10. As per the information and explanations given to us, there are no accumulated loss as on 31st March 2008. The Company has not incurred cash losses during the financial year covered by our audit and 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 banks or financial institution.
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 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,
19th May 2008.

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

BALANCE SHEET AS AT 31st MARCH 2008

PARTICULARS	Schedule	31.03.2008 Rs. Million	31.03.2007 Rs. Million
A. SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	I	79.337	276.989
Reserves & Surplus	II	10.133	—
		89.470	276.989
2. Borrowed Funds			
Secured Loans	III	106.440	94.950
Total Capital Employed		195.910	371.939
B. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	IV	214.976	187.265
Less : Accumulated Depreciation		102.568	90.004
Net Block		112.408	97.261
2. Current Assets, Loans & Advances			
Sundry Debtors	V	79.992	105.931
Stock In Trade	VI	30.326	23.830
Cash & Bank Balances	VII	1.794	3.168
Loans, Advances & Deposits	VIII	12.174	7.797
Total Current Assets		124.286	140.726
Less : Current Liabilities & Provisions	IX	42.205	59.508
Net Current Assets		82.081	81.218
3. Deferred Tax Asset		1.421	1.421
4. Miscellaneous expenses to the extent not written off / adjusted			
Profit & Loss Account	X	—	192.039
Total Assets		195.910	371.939

Schedule I to X, 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, 19th May, 2008

For and on behalf of the Board

Vijay Mohan
Chairman

Praveena Dhanagopal
Company Secretary

K. Janardhanan
Managing Director

J. Kanna
Asst. Manager - Accounts

English Tools and Castings Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

PARTICULARS	Schedule	2007-08 Rs. Million	2006-07 Rs. Million
INCOME			
Sales & Service Charges Received	XI	246.638	231.486
Increase / (Decrease) In Stock	XIII	9.762	(0.479)
Production Value		256.400	231.007
EXPENDITURE			
Raw Materials Consumed	XIV	133.544	132.985
Labour Charges Paid		10.898	9.566
Employee's Cost	XV	26.373	21.284
Power & Fuel		29.161	24.711
Stores & Spares Consumed		11.401	7.995
Repairs & Maintenance	XVI	7.867	5.084
Other Expenditure	XVII	5.452	3.768
Total Expenditure		224.696	205.393
Profit Before Interest, Depreciation & Other Income		31.704	25.614
Add : Other Income	XII	1.821	1.053
		33.525	26.667
Less : Interest & Finance Charges	XVIII	13.505	8.022
: Depreciation		14.758	12.186
Profit Before Tax		5.262	6.459
Less : Provision For Taxation			
: Current Tax		0.626	0.745
: Fringe Benefit Tax		0.116	0.101
Profit After Tax Transferred to Balance Sheet		4.520	5.613
Earnings per Share (Basic / Diluted) (in Rupees)	XIX	0.57	0.20

Schedule XI to XIX, 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, 19th May, 2008

For and on behalf of the Board

Vijay Mohan
Chairman

K. Janardhanan
Managing Director

Praveena Dhanagopal
Company Secretary

J. Kanna
Asst. Manager - Accounts

SCHEDULES FORMING PART OF THE ACCOUNTS

PARTICULARS	31.03.2008 Rs. Million	31.03.2007 Rs. Million	PARTICULARS	31.03.2008 Rs. Million	31.03.2007 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	30.031	27.041
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	69.949	60.176
Less : Reorganisation Loss adjusted	197.652	—	Working Capital Borrowings from Financial Institution	6.460	7.592
7,933,700 Equity Shares of Rs.10/- each fully paid	79.337	276.989	Hire Purchase Loans		
			Hire Purchase Loans from Banks	—	0.141
Schedule - II RESERVES & SURPLUS				106.440	94.950
Capital Reserve					
Reorganisation Loss transferred from P & L A/c	0.001	—			
A	0.001	—			
General Reserve					
Add : Transfer from Profit & Loss A/c.	5.612	—			
Add : Net Profit for the year	4.520	—			
B	10.132	—			
Total Reserves & Surplus (A+B)	10.133	—			

Schedule - IV FIXED ASSETS

(Rs. Million)

Description	Gross Block			As on 31.03.2008	Upto 31.03.2007	Depreciation		Total as on 31.03.2008	Net Block	
	As on 31.03.2007	Additions during 2007-08	Deletions during 2007-08			For the Year	With- drawn during 2007-08		As on 31.03.2008	As on 31.03.2007
Land	0.410	0.828	—	1.238	—	—	—	—	1.238	0.410
Building	41.142	0.359	—	41.501	18.465	1.388	—	19.853	21.648	22.676
Plant & Machinery	116.199	27.070	2.466	140.803	57.527	9.627	1.422	65.732	75.071	58.673
Furniture & Fittings	1.938	0.101	—	2.039	1.508	0.133	—	1.641	0.398	0.430
Office Equipments & Computers	5.605	0.404	—	6.009	3.208	0.643	—	3.851	2.158	2.397
Electrical Fittings	14.091	1.375	1.110	14.356	7.729	1.904	0.772	8.861	5.495	6.362
Lab Equipments	2.679	0.711	—	3.390	0.497	0.398	—	0.895	2.495	2.182
Vehicles	3.278	0.439	—	3.717	0.936	0.354	—	1.290	2.427	2.342
Intangible Assets	1.923	—	—	1.923	0.134	0.311	—	0.445	1.478	1.789
Total	187.265	31.287	3.576	214.976	90.004	14.758	2.194	102.568	112.408	97.261
Previous Year	170.090	24.242	7.067	187.265	79.799	12.186	1.981	90.004	97.261	90.291

SCHEDULES (Contd.,)

PARTICULARS	31.03.2008 Rs. Million	31.03.2007 Rs. Million	PARTICULARS	31.03.2008 Rs. Million	31.03.2007 Rs. Million
Schedule - V SUNDRY DEBTORS (Unsecured and Considered Good)			Schedule - X PROFIT & LOSS ACCOUNT		
Due from Holding Company	1.935	1.798	Opening Balance from P & L Account	192.039	197.652
Debtors outstanding for a period exceeding six months	17.992	16.979	Adj : Transferred to Capital on Capital reduction Scheme	197.652	—
Debtors less than six months	60.065	87.154		(5.613)	197.652
	<u>79.992</u>	<u>105.931</u>	Less : Net Profit for the year	—	5.613
Schedule - VI STOCK IN TRADE (At lower of cost and net realisable value) (As Certified by Managing Director)				(5.613)	192.039
Raw Materials	9.145	12.102	Add : Transfer to Capital Reserve	0.001	—
Stores & Consumables	3.385	3.694		(5.612)	192.039
Work In Progress	17.796	8.034	Add : Transfer to General Reserve	5.612	—
	<u>30.326</u>	<u>23.830</u>		—	192.039
Schedule - VII CASH & BANK BALANCES			Schedule - XI SALES & SERVICE CHARGES		
Cash on Hand	0.255	0.097	Domestic :	2007-08	2006-07
Cash at Bank				(Rs. Million)	
Current Accounts	0.426	2.026	Sale of Dies, Tools & Moulds	19.082	29.199
Deposit Accounts	1.113	1.045	Sale of Components	257.846	232.036
	<u>1.794</u>	<u>3.168</u>	Service Charges Received	14.735	12.796
Schedule - VIII LOANS, ADVANCES & DEPOSITS				291.663	274.031
Advances Recoverable in cash or kind or for value to be received and considered good	8.625	4.214	Less : Excise Duty	36.403	33.767
Deposits	2.579	2.234	Sales Tax	9.328	9.416
	<u>11.204</u>	<u>6.448</u>	Domestic Sales (Total)	<u>245.932</u>	<u>230.848</u>
Prepaid Expenses	0.209	0.278	Export:		
Tax Deducted and collected at Source	0.761	1.071	Sale of Components	0.706	0.638
	<u>12.174</u>	<u>7.797</u>	Sale of Dies, Tools & Moulds	—	—
Schedule - IX CURRENT LIABILITIES & PROVISIONS			Export Sales (Total)	<u>0.706</u>	<u>0.638</u>
Sundry Creditors & Other Current Liabilities			Total Sales & Service Charges	<u>246.638</u>	<u>231.486</u>
— Due to Micro, Small & Medium Enterprises	13.840	34.972			
— Due to Others	26.110	22.528			
Interest Accrued but not due on Loans	0.667	0.650			
Provision for Income Tax	1.371	1.257			
Provision for Fringe Benefit Tax	0.217	0.101			
	<u>42.205</u>	<u>59.508</u>			

SCHEDULES (Contd.,)

PARTICULARS	2007-08 Rs. Million	2006-07 Rs. Million	PARTICULARS	2007-08 Rs. Million	2006-07 Rs. Million
Schedule - XII OTHER INCOME			Schedule - XVII - OTHER EXPENDITURE		
Interest	0.546	0.424	Printing & Stationery	0.409	0.347
Insurance Claim	0.010	0.100	Postage & Telephones	0.409	0.368
Other Receipts	0.090	0.111	Rent, Rates, Duty & Taxes	0.745	0.480
Recovery of Bad Debts Written off	0.056	0.068	Insurance	0.372	0.422
Sundry Credits Written Back	1.119	0.350	Bank Charges	0.336	0.664
	<u>1.821</u>	<u>1.053</u>	Travelling & Conveyance	0.360	0.395
Schedule - XIII INCREASE / (DECREASE) IN STOCK			Freight & Forwarding	0.522	0.817
Opening Work-in-Progress	8.034	8.513	Advertisement & Sales Promotion	0.139	0.220
Closing Work-in-Progress	17.796	8.034	Bad Debts Written Off	1.058	0.105
	<u>9.762</u>	<u>(0.479)</u>	Director's Sitting Fees	0.423	0.158
Schedule - XIV RAW MATERIALS CONSUMED			Auditor's Remuneration	0.120	0.068
Opening Stock	12.102	6.090	Professional Charges, Books & Periodicals	0.573	0.567
Add : Purchases of Raw Materials	132.523	140.707	Security Service Charges	0.441	0.351
	<u>144.625</u>	<u>146.797</u>	Liquidity Damage & Warranty Claim	0.139	0.032
Less : Re-Sale of Raw Material / Sale of Scrap	1.936	1.710	Miscellaneous Expenses	0.570	0.274
	<u>142.689</u>	<u>145.087</u>	Donation	0.010	0.025
Less : Closing Stock	9.145	12.102	Discount Allowed	0.313	0.198
	<u>133.544</u>	<u>132.985</u>	Additional Sales Tax	—	0.871
Schedule - XV - EMPLOYEE'S COST			Foreign Exchange Loss / (Gain)	(0.015)	0.020
Pay, Allowances & Exgratia	23.402	18.295	Loss/(Profit) on Sale of Assets	(1.472)	(2.614)
Company's Contribution to PF, ESI & Gratuity Funds	1.870	1.997		<u>5.452</u>	<u>3.768</u>
Welfare Expenses	1.101	0.992	Schedule - XVIII - INTEREST & FINANCE CHARGES		
	<u>26.373</u>	<u>21.284</u>	Interest Charges on-		
Schedule - XVI - REPAIRS & MAINTENANCE			- Fixed Loans	3.699	1.991
Buildings	1.060	0.599	- Other Loans	9.806	6.031
Machinery & Electricals	4.758	2.828		<u>13.505</u>	<u>8.022</u>
Others	2.049	1.657	Schedule - XIX - EARNINGS PER SHARE (BASIC/DILUTED)		
	<u>7.867</u>	<u>5.084</u>	a) Profit after tax	4.520	5.613
			b) Equity shares of Rs.10/- each (Nos. in Mn.)	7.934	27.699
			c) Earnings per Share (a/b) (Re.)	0.57	0.20

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, 2008

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.

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:

	2007-08	2006-07
	Rs. Million	
i. Earnings in Foreign Exchange (FOB)	0.622	0.633
ii. Outgo in Foreign Currency (CIF)	6.292	0.763

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

	2007-08	2006-07
	Rs. Million	
Audit Fees	0.100	0.050
Taxation Matters	0.020	0.018
Other Services	0.010	0.011

5) Remuneration paid to Directors

Sitting Fees	0.423	0.158
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6) RESTRUCTURING

The company had obtained approval from 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.

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

	2007-08	2006-07
	Rs. Million	
Due to Micro, Small & Medium Enterprises		
- Principle due as on year ended	13.839	34.971
- Interest Payable as on year ended	-	-
- Interest Paid during the year	0.220	0.424

8) CONTINGENT LIABILITY

a. Estimated amount of contracts remaining to be executed on capital account and not provided for NIL.
b. The Company has not made any provision for claim of Rs.61,60,898/- under sales tax matters based on the following contention :

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.

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 -

The Eighth Schedule of TNGST Act has clearly specified that tools used with the machineries are eligible for concessional rate of tax.

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.

English Tools and Castings Limited

NOTES FORMING PART OF ACCOUNTS (Contd..)

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:-

	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
a. Installed Capacity and Actual Production : Main Products	Licensed capacity	Installed capacity	Production & Sales (Excl. Labour basis)			
Die Casting Components (in Tonnes)	1,200	1,200	1,200	1,200	980	932
Tools & Dies (in Nos.)	220	220	220	220	33	38
Injection Moulding Components (Nos. in million)	1.800	1.800	1.800	1.800	1.018	0.842
b. Quantitative Details : Raw Materials		Opening Stock	Closing Stock			
		2007-08	2006-07	2007-08	2006-07	
Aluminium & Zinc Ingots (in Kgs.)		79,443	29,008	55,284	79,443	
Plastic Granules / ABS Polymers (in Kgs.)		23,941	8,992	20,567	23,941	
		Purchase	Consumption			
		2007-08	2006-07	2007-08	2006-07	
Aluminium & Zinc Ingots (in Kgs.)		1,022,067	959,804	1,046,226	909,369	
Plastic Granules / ABS Polymers (in Kgs.)		175,617	121,295	178,991	106,346	
c. Consumption % :		Indigenous	Import			
		2007-08	2006-07	2007-08	2006-07	
Aluminium & Zinc Ingots		100	100	—	—	
Plastic Granules / ABS Polymers		100	100	—	—	
d. Quantitative Details : Finished Goods		Opening & Closing Stock	Production & Sales (Excl. Labour basis)			
		2007-08	2006-07	2007-08	2006-07	
Tools & Dies (in Nos.)		—	—	33	38	
Die Casting Components (in Tonnes)		—	—	980	932	
Injection Moulding Components (Nos. in million)		—	—	1.018	0.842	
Sheet Metal Components (in Tonnes)		—	—	—	—	
				Rs. Million		
e. CIF value of Imports of the company		5.609		0.595		
f. FOB value of exports		0.622		0.633		
g. Other expenditure in foreign exchange		0.683		0.168		

10. Report Under AS - 15 (Revised 2005) as on 31-03-2008

	As on 31-03-2008
1 Assumptions	
Discount Rate	8.0%
Salary Escalation	6.5%
2 Changes in present value of obligations	As on 31-03-2008
Present value of obligations as at beginning of year	1,148,574
Interest cost	91,886
Current Service Cost	238,936
Benefits Paid	153,403
Actuarial (gain) / Loss on obligations	(20,604)
Present value of obligations as at end of year	1,305,389
3 Changes in the fair value of plan assets	
Fair value of plan assets at beginning of year	873,011
Expected return on plan assets	74,085
Contributions	527,766
Benefits paid	153,403
Actuarial Gain / (Loss) on Plan assets	—
Fair value of plan assets at the end of year	1,321,459

NOTES FORMING PART OF ACCOUNTS (Contd..)

11. Report Under AS - 15 (Revised 2005) (Contd..)

4 Fair value of plan assets	As on 31-03-2008
Fair value of plan assets at beginning of year	873,011
Actual return on plan assets	74,085
Contributions	527,766
Benefits Paid	153,403
Fair value of plan assets at the end of year	1,321,459
Funded status	16,070
Excess of Actual over estimated return on plan assets	—
(Actual rate of return = Estimated rate of return as ARD falls on 31st March)	
5 Actuarial Gain/Loss recognized	
Actuarial gain / (Loss) for the year - Obligation	20,604
Actuarial (gain) / Loss for the year - plan assets	—
Total (gain) / Loss for the year	(20,604)
Actuarial (gain) / Loss recognized in the year	(20,604)
6 The amounts to be recognized in the balance sheet and statements of profit and loss	
Present value of obligations as at the end of year	1,305,389
Fair value of plan assets as at the end of the year	1,321,459
Funded status	16,070
Net Asset / (liability) recognized in balance sheet	16,070
7 Expenses Recognised in statement of Profit & loss	
Current Service cost	238,936
Interest Cost	91,886
Expected return on plan assets	(74,085)
Net Actuarial (gain) / Loss recognised in the year	(20,604)
Expenses recognised in statement of Profit & loss	236,133

12. List of Related parties with whom transactions have taken place during the year 2007-08 and Relationship :

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

(Rs. Million)

Nature of Transaction	Holding Company		Key Mgmt Personnel		Others	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Purchase/Labour charges paid	4.784	1.934	—	—	—	0.003
Sales / Labour charges received	33.753	22.928	—	—	0.013	0.282
Receiving of Services	—	—	0.423	0.051	0.042	0.060

13. 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 31.03.2008

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	195,910	Total Assets	195,910
Sources of Funds		Application of Funds	
Paid - Up Capital	79,337	Net Fixed Assets	112,408
Reserves & Surplus	10,133	Net Current Assets	82,081
Secured Loans	106,440	Deferred Tax	1,421
Unsecured Loans	Nil	Misc. Expenditure	—

IV. Performance of Company

Total Turnover / Production Value	256,400	Total Expenditure	251,138
Profit / (Loss) Before Tax	5,262	Profit / (Loss) After Tax	4,520
Earnings Per Share (in Rs.)	0.57	Dividend Rate	—

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, 19th May, 2008

For and on behalf of the Board

Vijay Mohan
Chairman

Praveena Dhanagopal
Company Secretary

K. Janardhanan
Managing Director

J. Kanna
Asst. Manager - Accounts

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

	31-03-2008 Rs. Million	31-03-2007 Rs. Million
A. Cash flow from operating activities:		
Net Profit / (Loss) Before Tax	5.262	6.459
Adj. : Depreciation	14.758	12.186
(Profit) / Loss on Sale of Assets (Net)	(1.472)	(2.614)
Interest and Finance charges	13.505	8.022
	26.791	17.594
Operating Profit Before Working Capital changes	32.053	24.053
Decrease / (Increase) in Trade receivables & Loans and advances	21.858	(56.497)
Decrease / (Increase) in Inventories	(6.496)	(7.735)
Increase / (Decrease) in Trade and other payables	(17.550)	25.586
	(2.188)	(38.646)
Cash Outflow on Operations	29.865	(14.593)
Taxes paid (including Fringe Benefit Tax)	(0.808)	(0.362)
Net Cash outflow on Operations	29.057	(14.955)
B. Cash flow from investing activities:		
Purchase of Fixed Assets	(31.287)	(24.242)
Sale of fixed assets	2.854	7.701
	(28.433)	(16.541)
C. Cash flow from financing activities:		
Secured loan obtained	11.490	40.827
Interest paid	(13.488)	(7.535)
	(1.998)	33.292
Net Increase / (Decrease) in cash and cash equivalents	(1.374)	1.796
Cash and cash equivalents As at 01.04.2007 and 01.04.2006 (Opening Balance)	3.168	1.372
Cash and cash equivalents As at 31.03.2008 and 31.03.2007 (Closing Balance)	1.794	3.168

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

Coimbatore, 19th May, 2008

For and on behalf of the Board

Vijay Mohan
Chairman

K. Janardhanan
Managing Director

Praveena Dhanagopal
Company Secretary

J. Kanna
Asst. Manager - Accounts