
ENGLISH TOOLS AND CASTINGS LIMITED

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

COMPANY SECRETARY

Mrs. Praveena Dhanagopal

AUDITORS

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

BANKERS

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

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

REGISTERED OFFICE

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

FACTORIES

Pressure Die Casting Division
Plastic Moulding Division
Tooling Division

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

Machining Division

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

English Tools and Castings Limited

REPORT OF THE DIRECTORS

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

WORKING RESULTS:

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

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

REVIEW OF OPERATIONS & OUTLOOK

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

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

DIRECTORS

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

FIXED DEPOSITS

The Company has not accepted any Deposits from the public.

AUDITORS

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

REPORT OF THE DIRECTORS (Contd..)

CONSERVATION OF ENERGY ETC

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENT

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

By order of the Board

Coimbatore
23rd May 2009

Vijay Mohan
Chairman

K. Janardhanan
Managing Director

ANNEXURE TO DIRECTORS' REPORT

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

a. CONSERVATION OF ENERGY :

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

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

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

- c) Energy Consumption as per Form - A :

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

b. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

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

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

c. FOREIGN EXCHANGE EARNINGS & OUTGO

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

REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of English Tools and Castings Limited, Coimbatore, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed there to. These Financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies' (Auditor's Report) Order, 2003, and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of the written representation received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information, and according to the explanations given to us, the said financial statements, read together with the attached schedules and notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009;
 - b. In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Coimbatore
23rd May 2009

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

Annexure to Auditor's Report

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

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

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

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

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

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

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

Coimbatore
23rd May 2009

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

English Tools and Castings Limited

BALANCE SHEET AS AT 31st MARCH 2009

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

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

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

Coimbatore, 23rd May, 2009

For and on behalf of the Board

Vijay Mohan
Chairman

Praveena Dhanagopal
Company Secretary

K. Janardhanan
Managing Director

J. Kanna
Manager - Finance

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

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

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

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

Coimbatore, 23rd May, 2009

For and on behalf of the Board

Vijay Mohan
Chairman

Praveena Dhanagopal
Company Secretary

K. Janardhanan
Managing Director

J. Kanna
Manager - Finance

English Tools and Castings Limited

SCHEDULES TO BALANCE SHEET AS ON 31st MARCH 2009

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

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

Schedule IV - FIXED ASSETS

(Rs. Million)

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

Schedule V - SUNDRY DEBTORS

(Unsecured and Considered Good)

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

Schedule VI - STOCK IN TRADE

(At lower of cost and net realisable value)

Raw Materials	5.604	9.145
Stores & Consumables	2.769	3.385
Work In Progress	30.818	17.796
	39.191	30.326

Schedule VII - CASH & BANK BALANCES

Cash on Hand	0.258	0.255
Cash at Bank		
a) Current Accounts	0.742	0.426
b) Deposit Accounts	1.631	1.113
	2.631	1.794

English Tools and Castings Limited

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

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

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

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

English Tools and Castings Limited

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

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

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

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

SIGNIFICANT ACCOUNTING POLICIES

1) ACCOUNTING CONVENTION:

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

2) FIXED ASSETS AND DEPRECIATION:

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

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

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

3) VALUATION OF INVENTORIES:

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

4) REVENUE RECOGNITION:

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

5) FOREIGN CURRENCY TRANSACTIONS:

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

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

6) EMPLOYEE BENEFITS:

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

7) BORROWING COSTS:

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

8) ACCOUNTING FOR TAXES ON INCOME:

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

9) ACCOUNTING STANDARDS:

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

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

1) SECURED LOAN:

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

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

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

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

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

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

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

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

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

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

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

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

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

7) CONTINGENT LIABILITY:

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

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

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

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

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

English Tools and Castings Limited

NOTES FORMING PART OF ACCOUNTS (Contd..)

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

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

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

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

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

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

NOTES FORMING PART OF ACCOUNTS (Contd..)

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

English Tools and Castings Limited

NOTES FORMING PART OF ACCOUNTS (Contd..)

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

NOTES FORMING PART OF ACCOUNTS (Contd..)

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

Holding company : Pricol Limited; Key Management Personnel : Mr. K. Janardhanan; Fellow Subsidiaries : Integral Investments Limited and PT Pricol Surya, Indonesia; Others : Pricol Holdings Limited, Pricol Packaging Limited, Pricol Travel Limited, Pricol Technologies Limited, Pricol Medical Systems Limited, Pricol Properties Limited, Pricol Corporate Services Limited, Xenos Technologies Limited, Synoro Technologies Limited, Penta Enterprises (India) Limited, Ananya Innovations Limited, Vascon Pricol Infrastructures Limited, Prime Agri Solutions (India) Limited, Shanmuga Steel Industries Limited, M and M Enterprises (India) Limited, Bhavani Infin Services India Private Limited, Shrimay Enterprises Private Limited, Sagittarius Investments Private Limited, Carcerano Pricoltech (India) Private Limited, Libra Industries, Leo Industries, Ellargi & Co., Rudra Industries and Bhavani Treads.

Related Party Transactions during the year 2008-09

(Rs. in Million)

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

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

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 : 31.03.2009

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	201,436	Total Assets	201,436
Sources of Funds		Application of Funds	
Paid - Up Capital	79,337	Net Fixed Assets	113,292
Secured Loans	100,098	Net Current Assets	63,974
Reserves & Surplus	1	Deferred Tax	1,421
Unsecured Loans	22,000	Misc. Expenditure	22,749

IV. Performance of Company

Total Turnover / Production Value	162,620	Total Expenditure	195,401
Profit / (Loss) Before Tax	(32,781)	Profit / (Loss) After Tax	(32,882)
Earnings Per Share (in Rs.)	(4.14)	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 Casting Components	Aluminium Die	Plastic Components

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

Coimbatore, 23rd May, 2009

For and on behalf of the Board

Vijay Mohan
Chairman

K. Janardhanan
Managing Director

Praveena Dhanagopal
Company Secretary

J. Kanna
Manager - Finance

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

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

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

Coimbatore, 23rd May, 2009

For and on behalf of the Board

Vijay Mohan
Chairman

K. Janardhanan
Managing Director

Praveena Dhanagopal
Company Secretary

J. Kanna
Manager - Finance