
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

AUDIT COMMITTEE

Mr. P. Vijay Raghunath
Mr. D. Ravichandran
Mr. K. Janardhanan
Mr. A. Venkatesan

COMPANY SECRETARY

Mr. V. Krishnamoorthy

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.

REGISTERED OFFICE

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

FACTORY

Pressure Die Casting Division
Plastic Moulding Division
Tooling Division
Machining Division

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

English Tools and Castings Limited

REPORT OF THE DIRECTORS

Your Directors take pleasure in presenting the Seventeenth Annual Report and Audited Accounts for the financial year ended 31st March 2011.

WORKING RESULTS:

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

	₹ Million	
Particulars	2010-11	2009-10
Sales & Service Charges - Domestic	257.528	120.633
- Export	6.551	6.267
Total	264.079	126.900
Profit before Interest, Depreciation & Other Income	10.594	(9.628)
Less : Interest & Finance charges	7.831	10.791
: Depreciation	12.663	15.021
Add : Other Income	1.057	0.224
Profit / (Loss) before Tax	(8.843)	(35.216)
Less : Provision for Tax - Current Tax	—	—
Profit / (Loss) after Tax	(8.843)	(35.216)
Balance brought forward	(57.966)	(22.749)
Balance Carried to Balance Sheet	(66.809)	(57.966)

REVIEW OF OPERATIONS & OUTLOOK

During the year 2010-11 due to increased offtake from the customers, the turnover of the company has increased substantially to ₹ 264.079 million from ₹ 126.900 million in 2009-10. Even though there is a substantial improvement in sales in 2010-11, due to steep increase in the raw material price, power and fuel cost, our Company is yet to break even.

During the year, our company decided to close down the loss making Plastic Injection Moulding Division to focus on the core business of High Pressure Die Casting (HPDC) parts and Tooling manufacturing. The machining division which was located at SIDCO –Kurichi, Coimbatore in a rented premises has been shifted to the main plant at Thamaraikulam Post, Kinathukadavu (Via), Coimbatore.

Consistent efforts are being made to bring in new customers for High Pressure Die Casting, Tooling and Gravity Die Casting Parts. The discussions with M/s Volvo India P Ltd and M/s Daimler Commercial Vehicle India P Ltd already in progress.

The outlook for the Company is promising for financial year 2011-2012 as the order book position is very good, especially from key customers like TVS motors, Greaves cotton. Some new customers also have been added. The projected turnover will exceed ₹ 400 million. In addition, the Manufacturing processes improvements have resulted in better yield. The company will break even and generate a modest profit of Rs.5 million plus. The erratic power supply is the matter of concern.

DIRECTORS:

Mr.D.Ravichandran, Director retires by rotation at the ensuing meeting and is eligible for re-appointment.

Mr.K.Janardhanan has been reappointed as Managing Director without remuneration for a period of one year with effect from 11th June 2011 to 10th June 2012 subject to the shareholders approval at the forthcoming 17th Annual General Meeting.

REPORT OF THE DIRECTORS (Contd..)

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, read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011.

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 2011, the applicable accounting standards have been followed.
- b) they had selected such accounting policies and applied them consistently and made judgments 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 2011, 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
26th May 2011

Vijay Mohan
Chairman

Viren Mohan
Executive Director

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR 2010-11

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: In a Die casting machines the electrical energy is conserved through integrated PLC programming of pressure and flow. In the tool room division heavy machines like plano milling, boring machines are fitted with variable frequency drives to conserve power.

b) Energy Consumption as per Form -A :

PARTICULARS		2010-11	2009-10
1) Electricity Charges	₹ Million	14.772	11.281
2) EB Units Purchased	Kwh.	2,183,896	2,169,099
3) Rate per Unit Purchased	₹	6.76	5.20
1) Generator - Diesel	₹ Million	6.097	3.654
2) Units Generated	Kwh.	508,322	372,788
3) Cost per Unit Generated	₹	11.99	9.80
1) Total Power & Fuel (Excluding LPG)	₹ Million	20.869	14.935
2) Units Purchased / generated	Kwh.	2,692,218	2,541,887
3) Cost per Unit Consumed	₹	7.75	5.88
1) Liquefied Petroleum Gas (LPG)	₹ Million	17.920	7.500
2) Kgs Consumed	Kgs.	375,281	191,724
3) Cost per Kg	₹	47.75	39.06

b. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

The Company has developed die-cast parts which are being used in the pumps and valves especially for higher pressure applications. Also, developed in house facility to test the pressure parts.

c. FOREIGN EXCHANGE EARNINGS & OUTGO (₹ in Million)

- i. Earnings in Foreign Exchange (FOB) : ₹ 8.268 (Previous Year ₹ 4.765)
- ii. Outgo in Foreign Currency (CIF) : ₹ 1.216 (Previous Year ₹ Nil)

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **English Tools and Castings Limited**, Coimbatore, as at 31st March, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 2011 and
 - b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date,
 - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For Narayan & Dharan,
Chartered Accountants
Firm Regn. No.007371S
K. Badri Narayanan

Coimbatore
26th May 2011

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.
- c) The company has decided to close the plastic moulding division and is in the process of selling the assets of the division and settle liabilities. This, in our opinion, has not affected the going concern assumption.
2. a) The inventories have been physically verified by the management during the year at reasonable intervals.
- b) The procedures followed by the company for verification of inventory are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories were not material and have been appropriately dealt with.

English Tools and Castings Limited

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS

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
- Maximum amount involved – ₹ 39.607 M
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, there has been no undue delays in depositing undisputed statutory dues as to Provident Fund, Employee's State Insurance. There are no arrears in statutory dues for more than 6 months as at last day of the financial year. No delays noticed in depositing of other statutory dues as to 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 ₹	Amount paid ₹	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-

10. As per the information and explanations given to us, there are accumulated losses as on 31st March 2011. The Company has not incurred cash losses during the financial year covered by our audit and there are cash losses in the immediately preceding financial year.
11. The Company has not defaulted in repayment of its dues to bank or financial institution, except for delay in remittance of certain principal installments of a loan.
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.

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS

15. According to the records, 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. During the year, the company has not made allotment of shares to parties and companies covered in the register maintained under Section 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
26th May 2011

For Narayan & Dharan
Chartered Accountants
Firm Regn. No.007371S
K. Badri Narayanan
Partner
Membership No.024550

English Tools and Castings Limited

BALANCE SHEET AS AT 31st MARCH 2011

PARTICULARS	Schedule	31.03.2011 ₹ Million	31.03.2010 ₹ Million
A. SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	I	148.837	148.837
Reserves & Surplus	II	0.001	0.001
		<u>148.838</u>	<u>148.838</u>
2. Loan Funds			
Loan Funds	III	89.228	60.678
		<u>89.228</u>	<u>60.678</u>
Total		<u>238.066</u>	<u>209.516</u>
B. APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	IV	227.597	222.741
Less : Accumulated Depreciation		133.029	126.229
Net Block		<u>94.568</u>	<u>96.512</u>
2. Current Assets, Loans & Advances			
a) Sundry Debtors	V	63.390	49.214
b) Stock In Trade	VI	46.216	34.271
c) Cash & Bank Balances	VII	0.191	3.712
d) Loans, Advances & Deposits	VIII	13.539	13.455
Total Current Assets		<u>123.336</u>	<u>100.652</u>
Less : Current Liabilities & Provisions	IX	48.068	47.035
Net Current Assets		<u>75.268</u>	<u>53.617</u>
3. Deferred Tax Asset	X	1.421	1.421
4. Miscellaneous expenses to the extent not written off / adjusted		—	—
5. Profit & Loss Account	XI	66.809	57.966
Total		<u>238.066</u>	<u>209.516</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
Firm Regn. No.007371S
K. Badri Narayanan, Partner
Membership No.024550

Coimbatore, 26th May, 2011

For and on behalf of the Board

Vijay Mohan
Chairman

Viren Mohan
Executive Director

V.Krishnamoorthy
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

PARTICULARS	Schedule	2010-11 ₹ Million	2009-10 ₹ Million
INCOME			
Sales & Service Charges Received	XII	264.079	126.900
Increase / (Decrease) In Stock	XIII	8.739	(3.018)
Production Value		272.818	123.882
EXPENDITURE			
Raw Material Consumed	XIV	154.306	54.337
Labour Charges Paid		12.758	7.454
Employees' Cost	XV	31.361	29.721
Power & Fuel		39.205	22.435
Stores & Spares Consumed		8.767	7.467
Repairs & Maintenance	XVI	3.378	3.074
Other Expenditure	XVII	12.449	9.022
Total Expenditure		262.224	133.510
Profit Before Interest, Depreciation & Other Income		10.594	(9.628)
Add : Other Income	XVIII	1.057	0.224
		11.651	(9.404)
Less : Interest & Finance Charges	XIX	7.831	10.791
Depreciation		12.663	15.021
		(8.843)	(35.216)
Profit / (Loss) before Tax		(8.843)	(35.216)
Less : Provision For Taxation		—	—
Current Tax		—	—
Profit / (Loss) After Taxation		(8.843)	(35.216)
Add / Less : Extra-Ordinary Items		—	—
Balance Transferred to Balance Sheet		(8.843)	(35.216)
Earning per share (Basic/Diluted) (in Rupees) (Face value of ₹10/-)		(0.594)	(4.428)

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
Firm Regn. No.0073715
K. Badri Narayanan, Partner
Membership No.024550

Coimbatore, 26th May, 2011

For and on behalf of the Board

Vijay Mohan
Chairman

Viren Mohan
Executive Director

V.Krishnamoorthy
Company Secretary

English Tools and Castings Limited

SCHEDULES TO BALANCE SHEET AS ON 31st MARCH 2011

PARTICULARS	31.03.2011 ₹ Million	31.03.2010 ₹ Million
Schedule I - SHARE CAPITAL		
A) Authorised Capital 30,000,000 Equity Shares of ₹ 10/- each	300.000	300.000
B) Issued, Subscribed and Paid-up 14,883,700 Equity Shares of ₹ 10/- each fully paid	148.837	148.837
14,883,700 Equity Shares of ₹ 10/- each fully paid	148.837	148.837
Schedule II - RESERVES & SURPLUS		
Capital Reserve		
Capital Reserve	0.001	0.001
	0.001	0.001
Schedule III - SECURED LOANS		
Term Loans from Banks	4.771	20.548
Working Capital Borrowings from Banks	29.903	39.918
Over draft from Banks	14.830	—
Hire Purchase Loans :		
Hire Purchase Loans from Banks	0.117	0.212
Unsecured Loans :		
Loan from Holding Company	39.607	—
	89.228	60.678

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

Schedule IV - FIXED ASSETS

(₹ Million)

Description	Gross Block			Depreciation				Net Block		
	As on 31.03.2010	Additions during 2010-11	Deletions during 2010-11	As on 31.03.2011	Upto 31.03.2010	For the Year	With- drawn during 2010-11	Total up to 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	1.237	—	—	1.237	—	—	—	—	1.237	1.237
Building	41.701	—	—	41.701	22.748	1.447	—	24.196	17.505	18.953
Plant & Machinery	142.013	12.211	7.125	147.100	78.642	8.193	5.458	81.377	65.723	63.377
Furniture & Fittings	2.057	0.017	—	2.074	1.759	0.054	—	1.813	0.261	0.297
Office Equipments & Computers	6.163	0.178	—	6.341	5.155	0.338	—	5.494	0.847	1.008
Electrical Fittings	19.300	—	—	19.300	12.540	1.375	—	13.915	5.385	6.760
Lab Equipments	4.489	—	—	4.489	2.018	0.611	—	2.629	1.860	2.469
Vehicles	3.312	—	0.426	2.885	1.780	0.318	0.405	1.693	1.193	1.527
Intangible Assets	2.470	—	—	2.470	1.586	0.327	—	1.913	0.557	0.884
Total	222.742	12.406	7.551	227.597	126.229	12.663	5.863	133.029	94.568	96.512
Previous Year	229.979	0.890	8.128	222.741	116.687	15.021	5.479	126.229	96.512	113.292
								31.03.2011	31.03.2010	
								₹ Million	₹ Million	

Schedule V - SUNDRY DEBTORS

(Unsecured and Considered Good)

Due from Holding Company	3.550	4.393
Other Debtors outstanding for a period exceeding six months	19.848	16.784
Other Debtors less than six months	40.832	31.094
	64.230	52.271
Due to Holding Company	0.840	3.057
	63.390	49.214

Schedule VI - STOCK IN TRADE

(At lower of cost and net realisable value)

Raw Materials	7.111	3.966
Stores & Consumables	2.566	2.505
Work In Progress	36.539	27.800
	46.216	34.271

Schedule VII - CASH & BANK BALANCES

Cash on Hand	0.026	0.411
Cash at Bank		
Current Accounts	0.165	3.301
	0.191	3.712

English Tools and Castings Limited

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

	31.03.2011 ₹ Million	31.03.2010 ₹ Million
Schedule VIII - LOANS, ADVANCES & DEPOSITS		
Advances Recoverable in cash or kind or for value to be received and considered good	6.646	9.995
Deposits	5.527	2.078
	<u>12.173</u>	<u>12.073</u>
Prepaid Expenses	0.089	0.115
Tax Deducted & collected at Source	1.277	1.267
	<u>13.539</u>	<u>13.455</u>
Schedule IX - CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors & Other Current Liabilities		
– Due to Micro, Small & Medium Enterprises	3.302	2.675
– Due to Others Creditors, Provision for Expenses & Statutory Liabilities	43.077	42.671
Provision for Income Tax	1.371	1.371
Provision for Fringe Benefit Tax	0.318	0.318
	<u>48.068</u>	<u>47.035</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 in Profit & Loss Account - Accumulated Losses	57.966	22.750
Add: Loss for the year	8.843	35.216
	<u>66.809</u>	<u>57.966</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

	31.03.2011 ₹ Million	31.03.2010 ₹ Million
Schedule XII - SALES & SERVICE CHARGES		
Domestic :		
Die Casting, Plastic Moulding, Tool Room & Machining Divisions :		
Sale of Dies, Tools & Moulds	18.781	13.809
Sale of Components	271.479	147.852
Service Charges Received	5.927	12.145
	<u>296.187</u>	<u>173.806</u>
Less : Excise Duty	28.002	43.945
Sales Tax	10.657	9.228
Domestic Sales (Sub-Total)	<u>257.528</u>	<u>120.633</u>
Export :		
Die Casting, Plastic Moulding, Tool Room & Machining Divisions :		
Sale of Components	5.577	1.966
Sale of Dies, Tools & Moulds	0.974	4.301
Export Sales (Sub-Total)	<u>6.551</u>	<u>6.267</u>
Total Sales & Service Charges	<u>264.079</u>	<u>126.900</u>
Schedule XIII - INCREASE / (DECREASE) IN STOCK - WIP		
Opening Work-in-Progress	27.800	30.818
Closing Work-in-Progress	36.539	27.800
	<u>8.739</u>	<u>(3.018)</u>
Schedule XIV - RAW MATERIALS CONSUMED		
Opening Stock	3.966	5.604
Add : Purchases of Raw Materials	159.715	52.725
	<u>163.681</u>	<u>58.329</u>
Less : Re-Sale of Raw Material / Sale of Scrap	2.263	0.026
	<u>161.418</u>	<u>58.303</u>
Less : Closing Stock	7.112	3.966
	<u>154.306</u>	<u>54.337</u>

English Tools and Castings Limited

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

	31.03.2011 ₹ Million	31.03.2010 ₹ Million
Schedule XV - EMPLOYEES' COST		
Pay, Allowances & Exgratia	29.097	26.019
Company's Contribution to PF, ESI & Gratuity Funds	0.704	2.706
Welfare Expenses	1.560	0.996
	<u>31.361</u>	<u>29.721</u>
Schedule XVI - REPAIRS & MAINTENANCE		
Buildings	0.087	0.142
Machinery & Electricals	2.181	1.684
Others	1.110	1.248
	<u>3.378</u>	<u>3.074</u>
Schedule XVII - OTHER EXPENDITURE		
Printing & Stationery Expenses	0.287	0.323
Postage & Telephones	0.462	0.438
Rent, Rates, Duty & Taxes	1.004	0.912
Insurance	0.150	0.289
Bank Charges	0.043	0.072
Travelling & Conveyance	0.579	0.352
Freight & Forwarding	6.269	2.460
Advertisement & Sales Promotion Expenses	0.047	0.159
Bad Debts Written Off	0.000	0.059
Salary to Managing Director	1.500	1.500
Director's Sitting Fees	0.142	0.164
Auditor's Remueration	0.140	0.112
Professional Charges, Books & Periodicals	1.295	0.808
Security Service Charges	0.502	0.439
Liquidity Damage & Warranty Claim	0.009	0.067
Miscellaneous Expenses	0.351	0.248
Discount Allowed	0.005	0.013
Foreign Exchange Loss / (Gain)	0.129	0.997
Loss / (Profit) on Sale of Assets	(0.464)	(0.390)
	<u>12.449</u>	<u>9.022</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd..)

	31.03.2011 ₹ Million	31.03.2010 ₹ Million
Schedule XVIII - OTHER INCOME		
Interest	—	0.038
Insurance Claim	—	—
Other Receipts	0.067	0.083
Recovery of Bad Debts Written off	—	0.102
Sundry Credits Written Back	0.990	0.001
	<u>1.057</u>	<u>0.224</u>
Schedule XIX - INTEREST & FINANCE CHARGES		
Interest Charges on-		
- Fixed Loans	0.932	4.561
- Other Loans	6.899	6.230
	<u>7.831</u>	<u>10.791</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, 2011

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.

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) ₹ 8.268 (Previous Year ₹ 4.765)
- ii. Outgo in Foreign Currency (CIF) ₹ 1.216 (Previous Year ₹ Nil)

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

Audit Fees	₹	1,40,000	(Previous Year ₹ 1,25,000)
Taxation Matters & Other Services	₹	30,000	(Previous Year ₹ 11,000)

5) Remuneration paid to Directors: (₹ In Million)

Salary to Managing Director	₹	1.500	(Previous Year ₹ 1.500)
Sitting Fees	₹	0.142	(Previous Year ₹ 0.164)

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

	2010-11	(₹ In Million) 2009-10
Due to Micro, Small & Medium Enterprises		
- Principle due as on year ended	3.301	2.675
- Interest Payable as on year ended	—	—
- Interest Paid during the year	—	—

7) DISCLOSURE AS TO DISCONTINUING OPERATION.

	₹ Million As at 31.3.2011
Discontinuing operation – Plastic Division	
Fixed assets	7.196
Current Assets	1.666
Current liabilities	0.669
Accumulated Losses	8.374

For the year ended

	31.3.2011
Sales & Other Income	7.127
Less: Manufacturing Admin, & Increase/Decrease stock	7.195
Interest & Depreciation	1.657
Loss before tax	(1.725)
Tax	Nil
Loss after tax	(1.725)

8) 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 ₹ 61,60,898/- under sales tax:

(i) Claim of ₹ 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 ₹ 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. In respect of the same the Company moved to the Madras High Court and obtained order of stay against the demand.

English Tools and Castings Limited

NOTES FORMING PART OF ACCOUNTS (Contd..)

(iii) Claim of ₹ 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.

- 9) Balances in parties accounts are subject to confirmation / reconciliation. Appropriate adjustments, if any, will be made as and when the balances are reconciled.
- 10) 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	2010-11	2009-10
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	1,126	515
	— Tools	Nos.	11	21
	— Injection Moulding Components	Nos.	2.946 Lakhs	6.974 Lakhs
IV	Quantitative Details – Raw Materials			
	a) Opening Stock			
	— Aluminium & Zinc Ingot	Kgs.	21,460	25,686
	— Plastic granules / ABS polymers etc	Kgs.	11,051	17,906
	b) Purchases			
	— Aluminium & Zinc Ingot	Kgs.	1,143,481	510,399
	— Plastic granules / ABS polymers etc	Kgs.	—	72,147
	c) Closing Stock			
	— Aluminium & Zinc Ingot	Kgs.	38,925	21,460
	— Plastic granules / ABS polymers etc	Kgs.	—	11,051
	d) RM Consumption			
	— Aluminium & Zinc Ingot	Kgs.	1,126,016	514,526
	— Plastic granules / ABS polymers etc	Kgs.	—	79,002
	— Aluminium & Zinc Ingots			
	Indigenous (%)		100%	100%
	Import (%)		—	—
	— Plastic granules / ABS polymers			
	Indigenous (%)		100%	100%
	Import (%)		—	—

NOTES FORMING PART OF ACCOUNTS (Contd..)

Sl.No	Particulars	Units	2010-11	2009-10
V	Quantitative Details – Finished Goods			
	a) Opening Stock		Nil	Nil
	b) Production (Excluding Labour Basis)			
	— Tools & Dies	Nos.	11	21
	— Aluminium Components	Tonnes	1,126	515
	— Plastic Components	Nos. in Mn	0.295	0.697
	c) Sales (Excluding Labour Basis)			
	— Tools & Dies	Nos.	11	21
	— Aluminium Components	Tonnes	1,126	515
	— Plastic Components	Nos. in Mn	0.295	0.697
	d) Closing Stock		Nil	Nil
	e) Sale of Raw Material / Scrap:			
	— Aluminium Scrap	Kgs.	37,083	20,070
	— Plastic Scrap	Kgs.	12,694	9,710
V	CIF value of Imports of the company	₹ In Mn	1.216	—
VI	FOB value of exports	₹ In Mn	8.268	4.765
VII	Other expenditure in foreign exchange	₹ In Mn	—	—
11.	Report under AS-15 (Revised 2005)		As on 31.03.2011	As on 31.03.2010
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		2,069,990	1,735,948
	Interest Cost		165,599	138,876
	Current Service Cost		341,698	315,793
	Benefits paid		(463,275)	(159,691)
	Actuarial (Gain) / Loss on Obligations		(124,375)	(39,064)
	Present value of obligations as at end of year		1,989,637	2,069,990
3.	Changes in fair value of plan assets			
	Fair value of plan assets at beginning of year		1,673,558	1,433,070
	Expected return on plan assets		134,257	126,814
	Contributions		—	273,365
	Benefits paid		(463,275)	(159,691)
	Actuarial Gain / (Loss) on Plan Assets		Nil	Nil
	Fair Value of plan assets at the end of year		1,344,540	1,673,558

English Tools and Castings Limited

NOTES FORMING PART OF ACCOUNTS (Contd..)

4. Fair value of plan assets		
Fair value of plan assets at beginning of year	1,673,558	1,433,070
Actual return on plan assets	134,257	126,814
Contributions	0.000	273,365
Benefits paid	(463,275)	(159,691)
Fair value of plan assets at the end of year	1,344,540	1,673,558
Funded Status	(65,097)	(396,432)
Excess of Actual over estimated return on plan assets	Nil	Nil
(Actual rate of return = Estimated rate of return as ARD falls on 31 st March)		
5. Actuarial Gain/Loss recognized		
Actuarial Gain / (Loss) for the year – Obligations	(124,375)	(39,064)
Actuarial Gain / (Loss) for the year – plan assets	Nil	Nil
Total (Gain) / Loss for the year	(124,375)	39,064
Actuarial (Gain) / Loss recognized in the year	(124,375)	39,064
6. The amounts to be recognized in the Balance Sheet		
Present value of obligations as at end of year	1,989,637	2,069,990
Fair Value of plan assets as at the end of the year	1,344,450	1,673,558
Funded Status	(645,097)	(396,432)
Net Asset / (Liability) recognized in Balance Sheet	645,097	(396432)
7. Expenses Recognized in Statement of Profit & Loss		
Current Service Cost	341,698	315,793
Interest Cost	165,599	138,876
Expected return on plan assets	(134,257)	(126,814)
Net Actuarial (Gain) / Loss recognized in the year	124,375	39,064
Expenses recognized in statement of Profit & Loss	248,665	366,919
Addl. Provision towards gratuity	—	338 713

12. List of Related parties with whom transactions have taken place during the year 2010-11 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, 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 2010-11 (₹ in Million)

Nature of transaction	Holding Company		Fellow Subsidiaries		Key Mgmt. Personnel		Others	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchase / Labour								
Charges Paid	7.910	11.165	—	—	—	—	4.054	—
Sales / Job Work								
Charges Received	21.352	12.089	—	—	—	—	0.062	0.21
Receiving of Services	—	—	—	—	1.500	1.500	0.182	0.007
Receiving of Unsecured Loan	38.292	—	—	—	—	—	—	—
Unsecured Loan Outstanding as at 31.03.2011	39.607	—	—	—	—	—	—	—
Interest on the above unsecured loan	1.461	—	—	—	—	—	—	—
Payables as at 31.03.2011	0.842	3.057	—	—	—	1.156	—	—
Receivables as at 31.03.2011	3.857	4.393	—	—	—	—	—	—

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

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

₹ Thousand

I. Registration Details

Registration No.181 – 5583 State Code - 18 Balance Sheet Date : 31.03.2011

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	238,066	Total Assets	238,066
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Sources of Funds

Paid - Up Capital	148,837	Reserves & Surplus	1
Secured Loans	89,228	Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	94,568	Deferred Tax	1,421
Net Current Assets	75,268	Misc. Expenditure	66,809

IV. Performance of Company

Total Turnover / Production Value	272,818	Total Expenditure	281,661
Profit / (Loss) Before Tax	(8,843)	Profit / (Loss) After Tax	(8,843)
Earnings Per Share (in ₹)	(0.59)	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
Firm Regn. No.007371S
K. Badri Narayanan, Partner
Membership No.024550

Coimbatore, 26th May, 2011

For and on behalf of the Board

Vijay Mohan
Chairman

Viren Mohan
Executive Director

V.Krishnamoorthy
Company Secretary

English Tools and Castings Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	31-03-2011 ₹ Million	31-03-2010 ₹ Million
A. Cash flow from operating activities:		
Net Profit / (Loss) Before Tax	(8.843)	(35.216)
Adjustments for		
Add : Depreciation	12.663	15.021
Less : (Profit) / Loss on Sale of Assets (Net)	(0.464)	(0.390)
Interest and Finance charges	7.831	10.791
	<u>20.030</u>	<u>25.422</u>
Operating Profit / (Loss) Before Working Capital changes	11.187	(9.794)
Adjustments for		
Decrease / (Increase) in Inventories	(11.945)	4.920
Decrease / (Increase) in Trade receivables & Loans and advances	(14.250)	3.305
Increase / (Decrease) in Trade and other payables	1.033	4.100
	<u>(25.162)</u>	<u>12.325</u>
Cash Inflow / (Outflow) On Operations	(13.975)	2.531
Taxes paid	(0.010)	(0.207)
	<u>(0.010)</u>	<u>(0.207)</u>
Net Cash flow from Operating Activities	(13.985)	2.324
B. Cash flow from investing activities:		
Purchase of Fixed Assets	(12.406)	(0.890)
Sale of fixed assets	2.151	3.039
	<u></u>	<u></u>
Net Cash used in Investing Activities	(10.255)	2.149
C. Cash flow from financing activities:		
Secured & Unsecured Loan obtained	28.550	8.080
Interest paid	(7.831)	(11.472)
	<u></u>	<u></u>
Net Cash Flow from Financing Activities	20.719	(3.392)
Net Increase / (Decrease) in cash and cash equivalents	(3.521)	1.081
Cash and cash equivalents		
As at 01.04.2009 and 01.04.2010 (Opening Balance)	3.712	2.631
Cash and cash equivalents	<u></u>	<u></u>
As at 31.03.2010 and 31.03.2011 (Closing Balance)	0.191	3.712

As per our report of date attached

For Narayan & Dharan
Chartered Accountants
Firm Regn. No.007371S
K. Badri Narayanan, Partner
Membership No.024550

Coimbatore, 26th May, 2011

For and on behalf of the Board

Vijay Mohan
Chairman

Viren Mohan
Executive Director

V.Krishnamoorthy
Company Secretary