

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2004

1. Secured Loans :

- a) Rupee Term Loans and Debentures are secured by an exclusive charge by way of mortgage/and hypothecation of specific fixed assets of the Company.
- b) Foreign Currency Loan - From foreign Company is secured by (i) first charge by way of exclusive mortgage of specific immovable properties of the Company and (ii) first charge by way of exclusive hypothecation of specific fixed assets of the Company.
- c) Cash Credit facilities from banks are secured by way of hypothecation of stock of raw materials, components, consumable stores, spares, work-in-progress, finished goods and book debts and pari-passu second charge on the specific immovable properties of the Company.
- d) Suppliers' bills discounting facility from SIDBI is secured by a pari-passu second charge on the Company's specific Fixed Assets.
- e) Factoring facilities extended by SBI Factors and Commercial Services Pvt. Ltd., is secured by hypothecation of book debts of specific customers.

2. Contingent Liabilities :

Liabilities on Factoring :

The contingent liabilities on factoring facilities extended by SBI Factors as on 31st March, 2004 is Rs.18.110 Million (previous year Rs.27.188 Million).

3. Estimated value of contracts remaining to be executed on capital accounts is Rs.39.422 Million.
4. Sales includes in-house manufactured machines of Rs.53.900 Million (Previous year Rs.47.348 Million) for captive use capitalised in the books.
5. Stores and spares charged is net of realisation of sale of stores materials for Rs.0.203 Million (previous year Rs.2.392 Million).
6. Raw material consumption is net of realisation of sale of raw materials and scrap of Rs.73.410 Million (Previous year Rs.40.005 Million).
7. Research & Development expenses of revenue nature for the year is Rs.101.193 Million. The same have been

classified under the relevant heads of accounts in the Profit and Loss Account and expenditure of capital nature of Rs.22.555 Million is taken to fixed assets and depreciation is charged on such assets.

8. Provision for Taxation includes provision for Wealth Tax.
9. Income Tax assessments are completed provisionally upto financial year 2002-2003.

10. Deferred Tax :

	As at 31-03-2004	As at 31-3-2003	As at 31-3-2002
	Rs. in Millions		

Deferred Tax Liability on account of :

i) Depreciation	108.968	112.261	87.190
ii) Others	—	1.220	—
	108.968	113.481	87.190

	As at 31-03-2004	As at 31-3-2003	As at 31-3-2002
	Rs. in Millions		

Deferred Tax Asset on account of :

i) Tax, Duties, Cess etc.	5.778	3.291	—
	5.778	3.291	—

11. Advance recoverable includes Rs.230 Million paid to banks on account of corporate guarantee obligations towards the dues of Terra Agro Technologies Limited, for which the company has got subrogation of the Assets of Terra in its favour. Consequent to the non materialization of the financial agreement entered between Terra Agro Technologies Limited and its financial collaborator, as a prudent accounting practice the company has provided for further diminution in the value of its investment to the extent of Rs.25.35 Million and contingency provision in the books of accounts for Rs.230 Million.
12. In the opinion of the Board, Current Assets and Loan and Advances would realize in the ordinary course of business at least equal to the amount at which they are stated.
13. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.
14. Figures have been rounded off to the nearest thousand.

NOTES FORMING PART OF ACCOUNTS (Cont..)

15. Value of imported and indigenous Raw Materials and Components Consumed Raw Materials and Components :	2003-04 Rs. Millions	%	2002-03 Rs. Millions	%
Imported	706.163	36.66	411.470	28.11
Indigenous	1235.775	63.34	1051.870	71.89
	<u>1941.938</u>		<u>1463.340</u>	
Decrease / (Increase) in Work-in-Progress Stock	(15.662)		5.420	
	<u>1926.276</u>		<u>1468.760</u>	
16. Earnings in Foreign Currency :				
Sale calculated on FOB Basis	398.069		339.338	
Insurance & Freight on Sales	11.167		9.671	
	<u>409.236</u>		<u>349.009</u>	
17. Foreign Exchange Outgo :	2003-04		2002-03	
	Rs. Millions		Rs. Millions	
CIF Value of Imports :				
Raw Materials & Components	559.576		349.190	
Spares	1.181		1.396	
Capital Goods	72.126		8.873	
Lumpsum Know-how fee	4.817		15.029	
Royalty on Sales	11.999		8.779	
Consultancy charges	1.035		7.214	
Interest on Foreign Currency Loan	2.522		3.278	
Other matters	17.194		11.716	
Dividend	4.500		2.231	
Dividend remitted in Foreign Currency				
a) Dividend (Rs. in Million)	4.500		2.231	
b) No. of Share holders	1		1	
c) No. of Shares held by them	750,000		750,000	
18. Remuneration to Auditors :				
For Audit	0.297		0.263	
For Taxation Matters	0.096		0.048	
For Certification	0.113		0.122	
Reimbursement of Expenses	0.033		0.107	
	<u>0.539</u>		<u>0.540</u>	

NOTES FORMING PART OF ACCOUNTS (Cont..)

19. a) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and calculation of Vice Chairman & Managing Director's Commission for the year ended 31st March, 2004 :	31-3-2004 Rs. Millions	31-3-2003 Rs. Millions		
Profit before Tax as per Profit & Loss Account	512.034			
Add : Directors' Commission	3.200			
Add : Vice Chairman & Managing Director's remuneration including commission	6.844			
Add : Loss on sale of assets	0.122			
Net profit as per Section 198 of the Companies Act, 1956	522.200			
1% Commission on Net Profit	5.222			
b) Commission to Non Whole Time Directors	3.200			
20. Employees cost include :	Rs. Millions			
Vice Chairman & Managing Director's Remuneration				
Salary	0.780			
HRA	0.468			
Commission	5.222			
Contribution to Provident Fund & Other funds	0.248			
Perquisites & Benefits	0.125			
	6.843			
21. Opening and Closing Stock of Finished Goods	Opening Stock	Closing Stock		
	As at 1-4-2003 Nos.	As at 1-4-2002 Nos.		
	As at 1-4-2003 Nos.	As at 1-4-2002 Nos.		
Dashboard Instruments	239,956	217,684	195,995	239,956
Speedometer Cables (in mtrs)	39,415	52,444	46,386	39,415
Sensors (all types)	51,234	68,228	57,686	51,234
Oil Pumps	77,652	76,199	67,663	77,652
Chain Tensioners	19,155	5,774	26,280	19,155
Idle Speed Control Valve Assy	1,650	1,950	0	1,650
Speed Sensors	0	0	12	0
Manifold Absolute Pressure Sensors	0	0	339	0
Vaccum Switching Valves	0	0	251	0
22. Installed Capacity and Actual Production :	Installed capacity as on	Production		
	31-3-2004 Nos.	31-3-2003 Nos.	2003-04 Nos.	2002-03 Nos.
Dashboard Instruments	11,300,000	7,500,000	9,605,356	6,927,378
Speedometer Cables (in mtrs)	3,000,000	3,000,000	2,414,220	2,066,434
Sensors (all types)	3,900,000	3,600,000	3,759,666	3,254,699
Oil Pumps	5,200,000	3,900,000	3,671,676	3,363,920
Idle Speed Control Valve Assy	570,000	400,000	399,993	271,071
Speed Sensors	216,000	—	98,603	—
Manifold Absolute Pressure Sensors	285,000	—	113,051	—
Vaccum Switching Valves	270,000	—	191,942	—

NOTE : Installed Capacity as certified by Vice Chairman & Managing Director.

NOTES FORMING PART OF ACCOUNTS (Cont..)

23. Turnover	2003-04		2002-03	
	Quantity (Nos.)	Value Rs. Millions	Quantity (Nos.)	Value Rs. Millions
1. Dashboard Instruments & Accessories :				
i. Dashboard Instruments	9,649,317	2,220.459	6,905,106	1,796.634
ii. Speedometer Cables (in mtrs)	2,407,249	107.644	2,079,463	93.420
iii. Sensors (all types)	3,753,214	280.936	3,271,693	241.848
iv. Accessories & Sub-assembly Components		36.348		28.146
2. Oil Pumps	3,681,665	365.935	3,362,467	355.396
3. Chain Tensioners	1,113,667	67.098	969,920	61.542
4. Idle Speed Control Valve Assy.	401,643	238.253	271,371	186.815
5. Speed Sensors	98,591	44.598	0	0
6. Manifold Absolute Pressure Sensors	112,712	62.967	0	0
7. Vaccum Switching Valves	191,691	37.099	0	0
8. Other Auto Components		140.379		124.284
9. Machines for captive consumption		53.268		47.348
10. Other Products & Services		102.570		95.905
		3,757.554		3,031.338



Every drop of water we save helps preserve something that can't be measured in terms of money. A small return for everything that our planet has gifted us. Planting trees and saving forests that in turn save us. Supporting education and promoting primary health, so our young ones can learn and our future generations can thrive. Simply because if we don't start saving what our planet has given us now, we never will. **Better ideas for a better planet.**

NOTES FORMING PART OF ACCOUNTS (Cont..)

24. List of Related parties with whom transactions have taken place during the year 2003-04 and Relationship :

Holding Company : Nil; Subsidiary Company : Integral Investments Limited : Promotee Company : Terra Agro Technologies Limited, Key Management Personnel : Mr. Vijay Mohan and Mrs. Vanitha Mohan; Others : Pricol Packaging Limited, Prime Agri Solutions (India) Limited, Xenos Technologies Limited, Libra Industries, Leo Industries, Ellargi & Co., Bhavani Treads.

Nature of Transaction	Subsidiary Company	Promotee Company	Key Mgmt Personnel	Others
Purchase / Labour Charges paid				43.03
Receiving of Services			7.34	0.14
Outstanding Advances as on 31-3-2003	81.84			
Amount repaid during the year	3.69			
Balance as on 31-3-2004	78.15			
Outstanding Advances due to discharge of corporate guarantee obligation as on 31-3-2003		224.39		
Add : Corporate guarantee obligation discharged during the year		5.61		
Less : Contingency provision made during the year		230.00		
Outstanding Advances due to discharge of corporate guarantee obligation as on 31-3-2004		—		
Investments as on 31-3-2003	22.50	28.01		
Less : Dimunition in the value of investments	—	25.35		
Investments as on 31-3-2004	22.50	2.66		

NOTES FORMING PART OF ACCOUNTS (Cont..)

28. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. : 0641 State Code : 181
 Balance Sheet Date : 31st day of March, 2004

II. Capital Raised during the year (Amount in Rs. Thousands)

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

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities : 2,953,600 Total Assets : 2,953,000

Sources of Funds

Paid-up Capital : 60,000
 Reserves & Surplus : 979,880
 Deferred Tax : 103,190
 Secured Loans : 717,941
 Unsecured Loans : 434,395
 Current Liabilities : 1,006,817

Application of Funds

Net Fixed Assets : 1,281,642
 Current Assets : 1,944,086
 Accumulated Losses : —
 Investments : 76,495
 Misc. Expenditure : —

IV. Performance of Company (Amount in Rs. Thousands)

Turnover : 3,757,554 Profit After Tax : 336,034
 Other Income : 11,919 Earnings per Share : 56.01
 Total Expenditure : 3,257,439 Dividend rate :
 Profit Before Tax : 512,034

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	Major Product Description
9 0 2 9	: Dashboard Instruments, Sensors and Accessories
8 4 0 9	: Oil Pumps
8 7 0 8	
&	: Other Auto Components
8 7 1 4	

As per our report of date attached

For and on behalf of the Board