

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2006

1. Secured Loans:

- Rupee Term Loans / Foreign Currency Term Loans are secured by an exclusive charge by way of mortgage / and hypothecation of specific fixed assets of the Company.
- Cash Credit facilities from banks are secured by way of hypothecation of stock of raw materials, finished goods, and consumable stores, spares, work-in-progress and book debts.
- Cash Credit Facilities from Andhra Bank, State Bank of India, ICICI Bank, IndusInd Bank, HDFC Bank and Loan from Export Import Bank of India are further secured by pari-passu second charge on the specific immovable properties of the Company.
- Cash Credit Facilities from IDBI Bank and The Bank of Nova Scotia are further secured by subsequent and subservient charge on the specific immovable properties of the Company.
- Factoring facilities are secured by hypothecation of book debts of specific customers.

2. Estimated value of contracts remaining to be executed on capital accounts is Rs.30 Million.

3. Loans & Advances includes security deposit for leasehold land amounting to Rs.10.302 Million and advance for purchase of land amounting to Rs.62.366 Million

4. Extra-Ordinary Income:

- Provision made in earlier years for diminution in value of investments and for doubtful advances disclosed under Extra Ordinary Items in the respective years have been reversed and adjusted during the year against the value of investments and advances respectively. The amount received during the year towards these investments and advances have been disclosed as Extra-Ordinary Income.
- Extra-Ordinary Income of Rs.29.785 million represents the net income arising out of divestment of Investments and settlement of Advances in Terra Agro Technologies Limited after adjusting the Tax impact of

Rs.22.050 million consequent to One time settlement made by the purchaser of Terra Agro Technologies Limited.

5. Stores and spares consumed is net of realisation of sale of stores materials of Rs. 0.123 Million (previous year Rs. 0.444 Million)

6. Employee Cost includes: (a) Rs.103.082 million paid to certain Special Vendors towards the Labour cost of the work exclusively executed for the Company (b) Rs.1.011 Million towards arrears of perquisites to Chairman & Managing Director.

7. Research & Development expenses of revenue nature for the year is Rs.139.286 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.47.887 is grouped under fixed assets and depreciation is charged on such assets.

8. Provision for Current Taxation includes Provision for Wealth Tax.

9. Income tax assessments are completed up to Financial Year 2002-03 and provisionally for the Financial year 2003- 2004.

10. Deferred Tax :

	As at 31-03-2006	As at 31-3-2005
	Rs. in Millions	

Deferred Tax Liability on account of :

i) Depreciation	96.710	103.150
	96.710	103.150

Deferred Tax Asset on account of :

i) Tax, Duties, Cess etc.	9.520	9.960
	9.520	9.960

11. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

12. Figures have been rounded off to the nearest thousand.

13. Value of imported and indigenous Raw Materials and Components Consumed

Raw Materials and Components :

Imported

Indigenous

Decrease / (Increase) in Work-in-Progress Stock

	2005-06 Rs. Millions	%	2004-05 Rs. Millions	%
Imported	722.220	26.36	695.926	27.59
Indigenous	2,018.046	73.64	1,826.477	72.41
	2,740.266		2,522.403	
	15.083		(27.038)	
	2,755.349		2,495.365	

NOTES FORMING PART OF ACCOUNTS (Contd..)

	2005-06 Rs. Millions	2004-05 Rs. Millions
14. Earnings in Foreign Currency :		
Sale calculated on FOB Basis & Services	578.475	572.231
Insurance & Freight on Sales	24.609	29.998
	603.084	602.229
15. Foreign Exchange Outgo :		
<u>CIF Value of Imports :</u>		
Raw Materials & Components	826.280	770.641
Spares	5.207	6.875
Capital Goods	49.456	73.881
Total	880.943	851.397
<u>Other Payments :</u>		
Lumpsum Know-how fee	0.795	4.418
Royalty on Sales	27.222	21.575
Consultancy charges	7.505	1.338
Interest on Foreign Currency Loan	63.412	14.234
Other matters	44.971	61.501
Dividend*	11.250	6.750
Total	155.155	109.816
16. Dividend remitted in Foreign Currency*		
a) Dividend (Rs. in Million)	11.250	6.750
b) No. of Non Resident Share holders (in Nos.)	1	1
c) No. of Shares of Re.1 each held by them (in Nos.)	11,250,000	11,250,000
17. Remuneration to Auditors :		
For Audit (exclusive of Service Tax)	0.400	0.300
For Taxation Matters	0.123	0.554
For Certification	0.103	0.139
Reimbursement of Expenses	0.049	0.064
	0.675	1.057
18. Contingent Liabilities as on the closing date are as follows :	31-3-2006	
	Rs. Millions	
Sales Tax Matters	33.313	
Factoring Facilities from Banks	4.371	
Other Claims against the Company not acknowledged as debts	14.100	
	51.784	

NOTES FORMING PART OF ACCOUNTS (Contd..)

19. Provisions as on the closing date are as follows :	Opening Balance	Additional (Rs. in Millions)	Reversal	Closing Balance
1. Dimiuntion in value of Investments	97.660	—	97.660	—
2. Excise Duty Demands	25.429	4.362	—	29.791
3. Others	0.334	—	—	0.334
Total	123.423	4.362	97.660	30.125

Note : The company is contesting before the appropriate authorities in respect of the provisions made for the demands referred in Sl. No.2 above. The company does not expect any reimbursement of the above provisions.

20. a) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and calculation of Chairman & Managing Director's Commission for the year ended 31st March, 2006 :	31-3-2006 Rs. Millions
Profit before Tax as per Profit & Loss Account	428.960
Add : Directors' Commission	2.170
Add : Chairman & Managing Director's remuneration including commission	8.877
Less : Profit on sale of assets	7.166
Net profit as per Section 198 of the Companies Act, 1956	432.841
1.50% Commission on Net Profit	6.493
b) Commission to Non Whole Time Directors	2.170

21. Employees cost include :	Rs. Millions
Chairman & Managing Director's Remuneration	
Salary	1.020
HRA	0.610
Commission	6.493
Contribution to Provident Fund & Other funds	0.324
Perquisites & Benefits	0.430
	8.877

22. Opening and Closing Stock of Finished Goods - Main Products	Opening Stock		Closing Stock	
	As at 1-4-2005 Nos.	As at 1-4-2004 Nos.	As at 31-3-2006 Nos.	As at 31-3-2005 Nos.
Dashboard Instruments	159,905	195,995	153,124	159,905
Speedometer Cables (in mtrs)	28,240	46,386	42,964	28,240
Sensors (all types)	42,025	58,037	80,555	42,025
Oil Pumps	94,492	67,663	45,763	94,492
Chain Tensioners	21,255	26,280	25,755	21,255
Idle Speed Control Valve Assy	1,114	—	785	1,114

NOTES FORMING PART OF ACCOUNTS (Contd..)

23. Installed Capacity and Actual Production : Main Products	Installed capacity as on		Production	
	31-3-2006 Nos.	31-3-2005 Nos.	2005-06 Nos.	2004-05 Nos.
Dashboard Instruments	16,890,000	15,100,000	11,784,308	11,328,988
Speedometer Cables (in mtrs)	3,370,000	3,000,000	2,440,572	2,420,353
Sensors (all types)	7,932,000	6,408,000	5,819,130	5,341,238
Oil Pumps	6,470,000	5,930,000	5,033,908	4,006,665
Chain Tensioners	1,970,000	1,300,000	1,739,445	964,157
Idle Speed Control Valve Assy	682,000	682,000	546,953	475,632

Note : Installed Capacity as certified by Plant Head.

24. Turnover	2005-06		2004-05	
	Quantity (Nos.)	Value Rs. Millions	Quantity (Nos.)	Value Rs. Millions
1. Dashboard Instruments & Accessories :				
i. Dashboard Instruments	11,791,089	2,726.583	11,365,078	2,528.317
ii. Speedometer Cables (in mtrs)	2,425,848	96.072	2,438,499	103.837
iii. Sensors (all types)	5,780,600	731.250	5,357,250	656.317
iv. Accessories & Sub-assembly Components		93.425		77.446
2. Oil Pumps	5,082,637	397.099	3,979,836	340.212
3. Chain Tensioners	1,734,945	106.125	969,182	58.733
4. Idle Speed Control Valve Assy.	547,282	147.340	474,518	144.285
5. Other Auto Components		247.437		238.567
6. Other Products & Services		271.551		341.968
		4,816.882		4,489.682

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

26. List of Related parties with whom transactions have taken place during the year 2005-06 and Relationship :

Holding Company : Nil; **Subsidiary Company** : Integral Investments Limited, English Tools and Castings Limited and PT Pricol Surya, Indonesia ; **Promotee Company** : Terra Agro Technologies Limited; **Key Management Personnel** : Mr. Vijay Mohan and Mrs. Vanitha Mohan; **Others** : Pricol Finance Limited, Pricol Packaging Limited, Pricol Travels Limited, Pricol Technologies Limited, Pricol Property Development Limited, Prime Agri Solutions (India) Limited, Xenos Technologies Limited, Synoro Technologies Limited, Penta Enterprises (India) Limited, Priana Enterprises India Limited, Shanmuga Steel Industries Limited, Libra Industries, Leo Industries, Ellargi & Co., Bhavani Treads.

(Rs. Millions)

Nature of Transaction	Subsidiary Company	Promotee Company	Key Mgmt Personnel	Others
Purchase / Labour Charges paid	14.16	—	—	79.12
Sales / Job Work Charges received	0.39	—	—	273.84
Receiving of Services	—	—	9.28	1.68
Rendering of Services	—	—	—	6.36
Advances / Investments realised	—	48.17	—	—
Sales of Assets	—	3.66	—	—
Outstanding Advances as on 31-3-2005	76.85	—	—	—
Amount advanced during the year	16.03	—	—	—
Amount received during the year	91.27	—	—	—
Amount receivable as on 31-3-2006	1.61	—	—	—
Investments as on 31-3-2005	22.50	—	—	—
Add : Investments made during the year	125.41	—	—	—
Investments as on 31-3-2006	147.91	—	—	—

NOTES FORMING PART OF ACCOUNTS (Contd..)

27. 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, 2006		

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	: 5,337,364	Total Assets	: 5,337,364
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Sources of Funds

Paid-up Capital	: 90,000
Reserves & Surplus	: 1,394,064
Secured Loans	: 1,806,851
Unsecured Loans	: 527,307
Deferred Tax	: 87,190
Current Liabilities	: 1,431,952

Application of Funds

Net Fixed Assets	: 2,002,575
Current Assets	: 3,057,047
Accumulated Losses	: —
Investments	: 277,742
Misc. Expenditure	: —

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

Turnover/Production Value	: 4,902,231	Profit After Tax	: 303,090
Other Income	: 29,302	Earnings per Share	: Rs.3.37
Total Expenditure	: 4,502,573	Dividend rate	: 100%
Profit Before Tax	: 428,960		

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 SURI & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
Membership No.28328
Coimbatore, 27th May, 2006

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

For and on behalf of the Board

D. Sarath Chandran
Director

R. Janardhanan
General Manager
Finance & Secretarial

V. Srinivasan
Company Secretary