

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005**

**1. Secured Loans:**

- (a) Rupee Term Loans are secured by an exclusive charge by way of mortgage / and hypothecation of specific fixed assets of the Company.
- (b) Cash Credit facilities from banks are secured by way of hypothecation of stock of raw materials, finished goods, consumable stores, spares, work-in-progress and book debts.
- (c) Cash Credit Facilities from Andhra Bank, State Bank of India, ICICI Bank, Indus Ind Bank and HDFC Bank are further secured by pari-passu second charge on the specific immovable properties of the Company.
- (d) Cash Credit Facilities from IDBI Bank & The Bank of Nova Scotia are further secured by subsequent and subservient charge on the specific immovable properties of the Company
- (e) Suppliers' bills discounting facility from SIDBI is secured by a pari-passu second charge on the Company's specific Fixed Assets.
- (f) 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. 93 Million.

**3. Impairment of Assets**

In accordance with Accounting Standard 28 - Impairment of Assets, the Company has assessed and provided for an impairment loss of Rs.44.671 million accumulated over the years. The said loss has to be adjusted against the General Reserve of the Company being the first year of its application. The deferred tax on the above loss has been considered wherever necessary.

- 4. Loans & Advances includes security deposit for leasehold land amounting to Rs.10.302 Million and advance for purchase of land amounting to Rs.13.099 Million.
- 5. Stores and spares consumed is net of realisation of sale of stores materials of Rs.0.444 Million (previous year Rs. 0.203 Million)
- 6. Research & Development expenses of revenue nature for the year is Rs. 134.275 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. 20.098 Million is grouped under fixed assets and depreciation is charged on such assets.
- 7. Provision for Current Taxation includes provision for Wealth Tax.
- 8. Income tax assessments are completed provisionally upto financial year 2003-04

9. Deferred Tax : As at    As at    As at  
31-03-2005    31-3-2004    31-3-2003  
Rs. in Millions

**Deferred Tax Liability on account of :**

i) Depreciation	103.150	108.968	112.261
ii) Others	—	—	1.220
	103.150	108.968	113.481

**Deferred Tax Asset on account of :**

Tax, Duties, Cess etc.	9.960	5.778	3.291
	9.960	5.778	3.291

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

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

**12. Value of imported and indigenous Raw Materials and Components Consumed**

	2004-05 Rs. Millions	%	2003-04 Rs. Millions	%
Imported	695.926	27.28	706.163	36.17
Indigenous	1,855.462	72.72	1,246.316	63.83
	2,551.388		1,952.479	
Decrease / (Increase) in Work-in-Progress Stock	(27.038)		(15.662)	
	2,524.350		1,936.817	

## NOTES FORMING PART OF ACCOUNTS (Cont..)

	2004-05 Rs. Millions	2003-04 Rs. Millions
<b>13. Earnings in Foreign Currency :</b>		
Sale calculated on FOB Basis & Services	572.231	402.292
Insurance & Freight on Sales	29.998	11.167
	<u>602.229</u>	<u>413.459</u>
<b>14. Foreign Exchange Outgo :</b>		
<u>CIF Value of Imports :</u>		
Raw Materials & Components	770.641	559.576
Spares	6.875	1.181
Capital Goods	73.881	72.126
Total	<u>851.397</u>	<u>632.883</u>
<u>Other Payments :</u>		
Lumpsum Know-how fee	4.418	4.817
Royalty on Sales	21.575	11.999
Consultancy charges	1.338	1.035
Interest on Foreign Currency Loan	14.234	2.522
Other matters	61.501	21.521
Dividend*	6.750	4.500
Total	<u>109.816</u>	<u>46.394</u>
*Dividend remitted in Foreign Currency		
a) Dividend (Rs. in Million)	6.750	4.500
b) No. of Share holders (in Nos.)	1	1
c) No. of Shares held by them (in Nos.)	11,250,000	7,500,000
d) Face Value of Share	Re.1	Rs.10
<b>15. Remuneration to Auditors :</b>		
For Audit	0.331	0.297
For Taxation Matters	0.523	0.096
For Certification	0.139	0.113
Reimbursement of Expenses	0.064	0.033
	<u>1.057</u>	<u>0.539</u>
<b>16. Contingent Liabilities as on the closing date are as follows :</b>	<b>31-3-2005</b>	
	<b>Rs. Millions</b>	
Sales Tax Matters	33.313	
Factoring Facilities from Banks	158.740	
Other Claims against the Company not acknowledged as debts	14.100	
	<u>206.153</u>	

**NOTES FORMING PART OF ACCOUNTS (Cont..)**

17. Provisions as on the closing date are as follows :	Opening Balance	Additional	Reversal	Closing Balance
		(Rs. in Millions)		
1. Dimiuntion in value of Investments	95.000	2.660	—	97.660
2. Excise Duty Demands	27.131	24.160	25.862	25.429
3. Others	0.334	—	—	0.334
<b>Total</b>	<b>122.465</b>	<b>26.820</b>	<b>25.862</b>	<b>123.423</b>

Note : The company is contesting before the appropriate authorities in respect of demands referred in Sl. No.2 above.

18. 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, 2005 :**

	31-3-2005 Rs. Millions
Profit before Tax as per Profit & Loss Account	622.534
Add : Directors' Commission	3.120
Add : Chairman & Managing Director's remuneration including commission	8.027
Less : Profit on sale of assets	4.781
<b>Net profit as per Section 198 of the Companies Act, 1956</b>	<b>628.900</b>

**1% Commission on Net Profit** **6.289**

b) **Commission to Non Whole Time Directors** **3.120**

19. **Employees cost include :** Rs. Millions

<b>Chairman &amp; Managing Director's Remuneration</b>	
Salary	0.840
HRA	0.504
Commission	6.289
Contribution to Provident Fund & Other funds	0.267
Perquisites & Benefits	0.127
	<b>8.027</b>

20. **Opening and Closing Stock of Finished Goods**

	Opening Stock		Closing Stock	
	As at 1-4-2004 Nos.	As at 1-4-2003 Nos.	As at 31-3-2005 Nos.	As at 31-3-2004 Nos.
Dashboard Instruments	195,995	239,956	159,905	195,995
Speedometer Cables (in mtrs)	46,386	39,415	28,240	46,386
Sensors (all types)	58,037	51,234	42,025	58,037
Oil Pumps	67,663	77,652	94,492	67,663
Chain Tensioners	26,280	19,155	21,255	26,280
Idle Speed Control Valve Assy	—	1,650	1,114	—

## NOTES FORMING PART OF ACCOUNTS (Cont..)

21. Installed Capacity and Actual Production :	Installed capacity as on		Production	
	31-3-2005 Nos.	31-3-2004 Nos.	2004-05 Nos.	2003-04 Nos.
Dashboard Instruments	15,100,000	11,300,000	11,328,988	9,605,356
Speedometer Cables (in mtrs)	3,000,000	3,000,000	2,420,353	2,414,220
Sensors (all types)	6,408,000	4,401,000	5,341,238	3,971,320
Oil Pumps	5,930,000	5,200,000	4,006,665	3,671,676
Chain Tensioners	1,970,000	1,300,000	964,157	1,120,792
Idle Speed Control Valve Assy	682,000	570,000	475,632	399,993

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

22. Turnover	2004-05		2003-04	
	Quantity (Nos.)	Value Rs. Millions	Quantity (Nos.)	Value Rs. Millions
1. Dashboard Instruments & Accessories :				
i. Dashboard Instruments	11,365,078	2,528.317	9,649,317	2,220.459
ii. Speedometer Cables (in mtrs)	2,438,499	103.837	2,407,249	107.644
iii. Sensors (all types)	5,357,250	656.317	3,964,517	388.501
iv. Accessories & Sub-assembly Components		77.446		36.348
2. Oil Pumps	3,979,836	340.212	3,681,665	365.935
3. Chain Tensioners	969,182	58.733	1,113,667	67.098
4. Idle Speed Control Valve Assy.	474,518	144.285	401,643	238.253
5. Other Auto Components		238.567		177.478
6. Other Products & Services		341.968		102.571
		<b>4,489.682</b>		<b>3,704.287</b>

### 23. List of Related parties with whom transactions have taken place during the year 2004-05 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 Finance Limited, Pricol Packaging Limited, Prime Agri Solutions (India) Limited, Pricol Technologies Limited, Pricol Travels Limited, Penta Enterprises (India) Limited, Xenos Technologies Limited, Synoro Technologies Limited, Shanmuga Steel Industries Limited, Ellargi & Co., Libra Industries, Leo Industries.

(Rs. in Millions)

Nature of Transaction	Subsidiary Company	Promotee Company	Key Mgmt Personnel	Others
Purchase / Labour Charges paid	—	—	—	61.14
Sales / Job Work Charges Received	—	—	—	187.27
Receiving of Services	—	—	8.907	—
Outstanding Advances as on 31-3-2004	78.15	—	—	—
Amount repaid during the year	1.30	—	—	—
Balance as on 31-3-2005	76.85	—	—	—
Investments as on 31-3-2004	22.50	2.66	—	—
Less : Diminution in the value of investments	—	2.66	—	—
Investments as on 31-3-2005	22.50	—	—	—

**NOTES FORMING PART OF ACCOUNTS (Cont..)**

**24. 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, 2005		

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

Public Issue	: Nil	Rights Issue	: Nil
Bonus Issue	: 30,000	Private Placement	: Nil

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

Total Liabilities	: 3,968,539	Total Assets	: 3,968,539
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**Sources of Funds**

Paid-up Capital	: 90,000
Reserves & Surplus	: 1,163,812
Deferred Tax	: 93,190
Secured Loans	: 1,129,533
Unsecured Loans	: 429,175
Current Liabilities	: 1,062,829

**Application of Funds**

Net Fixed Assets	: 1,803,747
Current Assets	: 2,114,957
Accumulated Losses	: —
Investments	: 49,835
Misc. Expenditure	: —

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

Turnover/Production Value	: 4,619,110	Profit After Tax	: 412,534
Other Income	: 14,669	Earnings per Share	: 4.58
Total Expenditure	: 4,011,245	Dividend rate	: 100%
Profit Before Tax	: 622,534		

**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.,  
**C.S. Sathyanarayanan**  
Partner, Chartered Accountants  
Membership No.28328

Coimbatore, 21st May, 2005

For and on behalf of the Board

**Vijay Mohan**  
Chairman & Managing Director

**Vanitha Mohan**  
Executive Director

**D. Sarath Chandran**  
Director

**V. Srinivasan**  
Company Secretary