

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010

1. Secured Loans:

- a) External Commercial Borrowings from Standard Chartered Bank is secured by an exclusive charge on the specific movable properties of the company.
 - b) Rupee Term Loan from Indian Overseas Bank is secured by an exclusive charge on the specific movable and immovable properties of the company.
 - c) Corporate Loan from Indian Bank is secured by an exclusive charge on the specific movable and immovable properties of the company.
 - d) Rupee Term Loan from Canara Bank is secured by an exclusive charge on the specific movable and immovable properties of the company.
 - e) Corporate Loan from Andhra Bank and Corporate Loan - II from State Bank of India is secured by pari-passu first charge on the specific immovable properties of the company.
 - f) Corporate Loan from Andhra Bank is further secured by an exclusive charge on the specific immovable property of the company.
 - g) Cash Credit Facilities from banks and the Corporate Loan - I from State Bank of India are secured by way of hypothecation of stock of raw materials, finished goods, consumable stores & spares, work-in-progress and book debts of the company.
 - h) Cash Credit Facilities from Andhra Bank, State Bank of India, ICICI Bank Limited, Indian Overseas Bank and Corporate Loan - I from State Bank of India are further secured by pari-passu second charge on the specific immovable properties of the company.
 - i) Cash Credit Facilities from Canara Bank is further secured by pari-passu second charge on the specific immovable property of the company.
 - j) Cash Credit Facilities from IDBI Bank Limited and The Bank of Nova Scotia are further secured by a pari-passu second charge on the specific immovable property of the company.
 - k) Cash Credit Facilities from Indian Bank is further secured by pari-passu second charge on the specific immovable property of the company.
 - l) Secured loans from others are secured by hypothecation of specific vehicles purchased out of the loan.
2. Estimated value of contracts remaining to be executed on capital accounts is Rs.9.784 million.

3. Loans & Advances includes security deposit for leasehold land amounting to Rs.10.302 million.
4. Stores and spares consumed is net of realisation of sale of stores materials of Rs.0.059 million (Previous year - Rs.0.098 million).
5. Provision for Taxation includes Wealth Tax.
6. Income tax assessments are completed upto Assessment Year 2007-08.

7. Deferred Tax :	As at	As at
	31-03-2010	31-3-2009
	Rs. Million	
Deferred Tax Asset / (Liability)		
on account of :		
Depreciation	14.712	(2.204)
Add : Deferred Tax Asset		
on account of :		
Tax, Duties, Cess etc.	42.098	32.014
Total	<u>56.810</u>	<u>29.810</u>

8. Net foreign exchange Gain / (Loss) is on account of:	2009-10	2008-09
	Rs. Million	
i) Exports	(24.029)	2.166
ii) Payables	(16.277)	(50.337)
iii) Loans	(41.847)	(124.510)
iv) Interest rate Swaps / Options / Derivatives	(16.928)	24.628
Gain / (Loss)	<u>(99.081)</u>	<u>(148.053)</u>

9. Trading Income represents Gain on Goods Traded of :	2009-10	2008-09
	Rs. Million	
Sale of Traded Goods	193.370	168.285
Less : Purchases of Traded Goods/Other Expenses	190.687	163.725
Total	<u>2.683</u>	<u>4.560</u>

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. Net sales and service charges includes sale of Wind Power of Rs.8.051 million (Previous year - Rs.6.750 million) representing units supplied to the grid against which equivalent consumption was made inhouse.

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	2009-10 Rs. Million	%	2008-09 Rs. Million	%
13. Value of imported and indigenous Raw Materials and Components Consumed				
Raw Materials and Components Consumed :				
Imported	1,371.800	28.33	1,157.509	28.82
Indigenous	3,469.996	71.67	2,858.953	71.18
	<u>4,841.796</u>	<u>100.00</u>	<u>4,016.462</u>	<u>100.00</u>
(Increase) / Decrease in Work-in-progress	(5.779)		57.922	
Total	<u>4,836.017</u>		<u>4,074.384</u>	
14. Earnings in Foreign Currency (FOB) :				
Export Sales & Services	1,090.611		1,380.790	
Less : Insurance & Freight on Sales	41.175		94.464	
Total	<u>1,049.436</u>		<u>1,286.326</u>	
15. Foreign Exchange Outgo :				
<u>CIF Value of Imports :</u>				
Raw Materials & Components	1,648.905		1,445.104	
Spares	3.763		8.203	
Capital Goods	22.697		37.274	
Total	<u>1,675.365</u>		<u>1,490.581</u>	
<u>Other Payments :</u>				
Lumpsum Know-how fee	2.417		3.345	
Royalty on Sales	38.586		42.158	
Interest on Foreign Currency Loans	51.550		118.121	
Other matters	62.497		59.501	
Dividend *	—		6.750	
Total	<u>155.050</u>		<u>229.875</u>	
16. Dividend remitted in Foreign Currency*				
a) Dividend (Rs. Million)	—		6.750	
b) No. of Non-Resident Shareholders (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)	1.250		1.250	
For Taxation Matters	1.122		0.153	
For Certification	0.211		0.235	
Reimbursement of Expenses	0.091		0.053	
Total	<u>2.674</u>		<u>1.691</u>	

NOTES FORMING PART OF ACCOUNTS (Contd.,)

18. Provisions as on the closing date are as follows :	Opening	Additional	Reversal	Rs. Million
	Balance 1-4-2009			Closing Balance 31-3-2010
1. Excise Duty Demands	32.289	—	—	32.289
2. Others	0.334	—	—	0.334
Total	32.623	—	—	32.623

Note : The Company is contesting before the appropriate authorities in respect of the demands referred in Sl. No.1 above. Reimbursement of claims, if certain, has been appropriately considered.

19. Contingent Liabilities as on the closing date are as follows :	As at	Rs. Million
	31-03-2010	As at 31-03-2009
Sales Tax Matters	33.313	37.906
Excise Matters	46.312	47.401
Bill Discounting Facilities from Banks	—	124.600
Corporate Guarantee to Foreign Subsidiary	139.934	208.895
Other Claims against the company not acknowledged as debts	14.100	42.026
Total	233.659	460.828

20. Debtors include an amount of Rs.425.058 Mn. (Previous year - Rs.503.742 Mn.) outstanding for more than six months from a company in which the Chairman & Managing Director has substantial interest. The Board has taken adequate steps to ensure planned recovery of moneys due.

21. Fixed deposits with banks includes Deposits of Rs.68 Million under lien with banks for Facilities extended to wholly owned subsidiaries.

22. a) Particulars regarding defined benefit plan :-

The company operates a defined benefit plan for payment of post employment benefits in the form of Gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided in the Payment of Gratuity Act, 1972. The terms of the benefits are common for all the employees of the company.

I. Principal actuarial assumptions used as at the Balance Sheet date:

Period Covered	2009-10	2008-09
Discount Rate	8.08% p.a.	7.65% p.a.
Expected Return on Plan assets	8.00% p.a.	8.00% p.a.
Average future working life	19 yrs	20 yrs

The estimates of future salary increases considered in actuarial valuation, taking into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

II. Changes in the Present Value of the Obligation:	Rs. Million	Rs. Million
Present Value of obligation beginning of the period	111.077	116.085
Interest cost	8.452	8.419
Current service cost	9.960	10.233
Past service cost	—	—
Benefits paid	(12.949)	(12.055)
Actuarial Loss / (Gain) on obligation	(2.696)	(11.605)
Present Value of obligation end of the period	113.844	111.077

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	2009-10 Rs. Million	2008-09 Rs. Million	
III. Changes in the Fair Value of plan assets:			
Fair Value of plan assets beginning of the period	111.149	116.932	
Expected return on plan assets	9.134	9.123	
Contributions	—	1.999	
Benefits paid	(12.949)	(12.055)	
Actuarial Gain / (Loss) on plan assets	9.875	(4.850)	
Fair Value of plan assets as at the end of the period	117.209	111.149	
IV. Amounts recognised in the Balance Sheet:			
Present Value of the obligation	113.844	111.077	
Fair Value of plan assets	(117.209)	(111.149)	
Liability / (Asset)	(3.365)	(0.072)	
Unrecognised past service cost	—	—	
Negative Amount recognised under para 55 of AS15 R	(3.365)	(0.072)	
Present Value of available future refunds & reductions in future contributions	3.365	—	
Assets recognised in the Balance Sheet as per para 59 of AS15 R	3.365	—	
V. Expenses recognised in the statement of Profit & Loss Account:			
Current service cost	9.960	10.233	
Interest Cost	8.452	8.419	
Expected return on plan assets	(9.134)	(9.123)	
Net actuarial (Gain) / Loss recognised in the year	(12.571)	(6.754)	
Past service cost	—	—	
Expenses recognised in the statement of Profit & Loss Account	(3.293)	2.775	
The expense has been included under the head "Contribution of Gratuity" under "Employees' Cost" in the Profit and Loss Account.			
		Rs. Million	
VI. Amount for the current period:			
	2009-10	2008-09	2007-08
Present value of obligation	113.844	111.077	116.085
Plan Assets	117.209	111.149	116.932
Surplus / (Deficit)	3.365	0.072	0.848
Experience adjustments on plan liabilities	2.688	(12.380)	0.128
Experience adjustments on plan assets	9.875	(9.412)	(1.167)
VII. Major Categories of plan assets (As percentage of total plan assets):			
	2009-10 Rs. Million	2008-09 Rs. Million	
Funds managed by Insurance Companies	100%	100%	
VIII. Enterprise's best estimate of contribution during next year			3.000
			3.000

b) Contribution of Rs.32.658 million (Previous year - Rs.38.995 million) made to defined contribution plans were charged to Profit & Loss Account.

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	2009-10 Rs. Million	2008-09 Rs. Million
23. a) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and calculation of Commission payable to Chairman & Managing Director, Executive Director and President & Chief Operating Officer :		
Profit / (Loss) Before Tax as per Profit & Loss Account	274.574	(382.803)
Add : Commission to Non-Whole Time Directors	—	—
: Remuneration to Whole Time Directors excluding contribution to Provident & Other Funds	5.460	5.060
Less : Profit / (Loss) on Sale of Assets (Net)	6.298	4.249
Less : Excess of Expenditure over Income for the year 2008-09 under Section 349.	381.992	—
Net Profit / (Loss) as per Section 198 of the Companies Act, 1956	<u>(108.256)</u>	<u>(381.992)</u>
Maximum amount payable 10% of the above	—	—
b) Commission to Whole Time Directors	—	—
c) Commission to Non-Whole Time Directors	—	—

Due to inadequacy of profit for the years 2008-09 & 2009-10, Chairman & Managing Director and President & Chief Operating Officer were paid Rs.0.200 million per month each and Executive Director was paid Rs.0.055 million per month. The said amount is within the limit specified in Sec II of Part II of Schedule XIII to the Companies Act, 1956.

24. Employees' Cost include :	2009-10 Rs. Million	2008-09 Rs. Million
Remuneration to Whole Time Directors'		
Salary	3.172	2.892
HRA	1.389	1.249
Commission	—	—
Contribution to Provident Fund & Other Funds	1.010	0.929
Perquisites & Benefits	0.899	0.919
Total	<u>6.470</u>	<u>5.989</u>

25. a) The company has addressed letters to suppliers seeking confirmation as to registration under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information available with the company, an amount of Rs.16.571 Mn. (Previous year - Rs.1.052 Mn.) is due to Micro, Small and Medium Enterprises, as detailed below:

Vendor Name	2009-10 Rs. Million	2008-09 Rs. Million	Vendor Name	2009-10 Rs. Million	2008-09 Rs. Million
Getech Electronics Pvt. Ltd.,	0.006	0.005	Pune Metagraph	—	0.019
Prakash Engineering Works	0.131	0.040	Alfa Rubber & Springs Pvt. Ltd.,	0.144	0.105
Monarch Self Adhesive Tapes	0.053	0.011	Q Plus Technologies Pvt. Ltd.,	—	0.030
Sankhla Industries	0.144	0.149	Press Comp International Pvt. Ltd.,	0.270	0.096
Prasad Associate	—	0.003	Sri Lakshmi Vishnu Plastics	0.162	0.029
Vijay Industrial Polymers	0.004	0.003	C.M.S. Chemical Industries	0.117	0.072
Suja Diamond Products	0.044	0.001	Victory Engineering Works	0.078	0.003
Bombay Speciality Products	0.184	0.133	Gujarat Industrial Corporation	1.886	—
Samy Engineering Tools	0.021	0.015	Sargam Metals Pvt Ltd.	1.498	—
Covai Air Products	0.001	0.008	Kala Auto Tex	1.380	—
Malik Enterprises	—	0.047	Servevel Industries	1.183	—
Consolidated Metal Finishing Pvt. Ltd.,	0.084	0.102	Aruna Enterprises	1.135	—
Sakthi Spring Forms Pvt. Ltd.,	0.028	0.023	Ashvini Magnets	0.966	—
NK Precision Components	1.069	0.158	Emmarkay Engineering Industries	0.718	—

NOTES FORMING PART OF ACCOUNTS (Contd.,)

25. a) (Contd.,)

Vendor Name	2009-10 Rs. Million	2008-09 Rs. Million	Vendor Name	2009-10 Rs. Million	2008-09 Rs. Million
Sri Seethalakshmi Steel Castings	0.612	—	Electro Automation	0.110	—
Maragatham Pressings	0.558	—	Special Tool Manufacturers	0.107	—
Sri Venkateswara Plastics	0.539	—	Janatics India Pvt. Ltd.	0.098	—
G. Ganeshan Engineering Works	0.462	—	Shiva Ganga Industries	0.071	—
Sree Balaji Industry	0.420	—	Aruna Enterprises	0.060	—
Saba Industries	0.318	—	Mahalakshmi Industrial Forging	0.058	—
Dhanu Enterprises	0.280	—	Narayan Corporation	0.038	—
Sumitron Exports Pvt. Ltd.	0.253	—	Triple-S-Springs Pvt. Ltd.	0.031	—
Allied Electronics	0.232	—	Nice Chemicals	0.025	—
Nandhini Rubber Products	0.219	—	Magnum Controls	0.024	—
Beekay Industries	0.199	—	Multipak Electronics	0.003	—
Kubo Chemicals	0.181	—	Chennai Metco Pvt. Ltd.,	0.001	—
K.B. Industries	0.135	—			
Sriji Industries	0.117	—	Total	16.571	1.052
Cupro Industries Corporation	0.114	—			

All the amounts outstanding are within the due date as prescribed under the said Act.

b) Sundry Creditors includes Imports Buyers Credit of Rs.514.924 Mn. (Previous year - Rs.734.381 Mn.)

26. Balances in parties accounts are subject to confirmation / reconciliation. Appropriate adjustments, if any, will be made as and when the balances are reconciled.

27. Opening and Closing Stock of Finished Goods : Main Products		Opening Stock as at		Closing Stock as at	
		1-4-2009	1-4-2008	31-3-2010	31-3-2009
Dashboard Instruments	Nos.	355,521	397,388	386,549	355,521
Speedometer Cables	Mtrs.	68,214	69,120	79,224	68,214
Sensors (all types)	Nos.	81,500	89,410	79,320	81,500
Oil Pumps	Nos.	26,407	54,222	29,423	26,407
Chain Tensioners	Nos.	26,422	24,600	24,322	26,422
Idle Speed Control Valve Assembly	Nos.	1,220	1,115	1,340	1,220
28. Installed Capacity and Actual Production : Main Products		Installed capacity as on		Production	
		31-3-2010	31-3-2009	2009-10	2008-09
Dashboard Instruments	Nos.	25,444,000	25,444,000	19,678,289	13,479,637
Speedometer Cables	Mtrs.	3,370,000	3,370,000	2,226,626	2,160,124
Sensors (all types)	Nos.	14,100,000	12,540,000	9,129,232	7,730,728
Oil Pumps	Nos.	17,800,000	12,000,000	7,623,720	5,473,944
Chain Tensioners	Nos.	3,230,000	3,230,000	1,835,961	1,466,872
Idle Speed Control Valve Assembly	Nos.	1,077,000	959,000	750,095	581,692
29. Turnover		2009-10		2008-09	
		Quantity (Nos.)	Value Rs. Million	Quantity (Nos.)	Value Rs. Million
1. Dashboard Instruments & Accessories :					
i. Dashboard Instruments		19,647,261	4,294.728	13,521,504	3,479.965
ii. Speedometer Cables (in mtrs)		2,215,616	121.733	2,161,030	100.691
iii. Sensors (all types)		9,131,412	1,191.308	7,738,638	995.044
iv. Accessories & Sub-assembly Components			142.476		110.846
2. Oil Pumps		7,620,704	530.057	5,501,759	456.272
3. Chain Tensioners		1,838,061	130.912	1,465,050	109.687
4. Idle Speed Control Valve Assembly		749,975	159.815	581,587	128.317
5. Other Auto Components			360.209		335.867
6. Other Products & Services			492.686		424.077
Total			7,423.924		6,140.766

NOTES FORMING PART OF ACCOUNTS (Contd.,)

30. The company's operations mainly relate to one segment, Automotive Components. The secondary segment disclosure in respect of the identified geographical segments is given below : Rs. Million

Particulars	31st March, 2010		31st March, 2009	
	Within India	Outside India	Within India	Outside India
Segment Revenue	6,338.064	1,085.860	4,765.512	1,375.254
Segment Assets	8,979.337	25.356	8,569.664	35.295
Purchase of Fixed Assets	189.776	0.561	428.969	1.391

Geographical Segment :

Segmentation of revenue is on the basis of geographical location of the customers.

Segmentation of assets is based on geographical location of the assets.

31. Operating Leases :	2009-10	2008-09
	Rs. Million	Rs. Million
The company has entered into operating leases for Land.		
Amortisation of premium paid for leasehold rights	0.706	—
Annual lease payments charged off to Profit and Loss Account	0.112	0.112
Future Minimum Lease Payments :		
— Not later than one year	0.112	0.112
— Later than one year and not later than five years	0.448	0.448
— Later than five years	9.072	9.184

32. List of related parties with whom transactions have taken place during the year 2009-10 and relationship:

Holding Company : Nil; **Subsidiary Companies** : Integral Investments Limited, English Tools and Castings Limited and PT Pricol Surya, Indonesia ; **Key Management Personnel**: Mr. Vijay Mohan, Mrs. Vanitha Mohan and Mr. K. Udhaya Kumar; **Others (Enterprise over which Key Management Personnel are able to exercise significant influence)** : 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, Vascon Pricol Infrastructures Limited, Ananya Innovations 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. Rs. Million

Nature of Transaction	Subsidiary Companies		Key Mgmt Personnel		Others	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Purchase / Labour Charges	16.429	23.839	—	—	208.371	134.477
Sales / Job Work Charges	72.809	56.427	—	—	126.115	128.288
Purchase of Fixed Assets	0.192	—	—	—	2.221	—
Sale of Fixed Assets	—	1.017	—	—	0.008	—
Receiving of Services	—	—	6.470	5.989	22.508	14.396
Rendering of Services	—	—	—	—	13.943	12.329
Loan / Advance / Deposit - Opening	22.000	—	—	—	10.356	10.356
Add : Amount advanced during the year	65.437	48.234	—	—	—	—
Less : Amount received / converted into capital during the year	69.500	26.234	—	—	—	—
Add : Interest receivable for the year	—	—	—	—	—	—
Loan / Advance / Deposit - Closing	17.937	22.000	—	—	10.356	10.356
Advances payable - Opening	3.369	3.369	—	—	—	—
Less : Amount repaid during the year	—	—	—	—	—	—
Advances payable - Closing	3.369	3.369	—	—	—	—
Investments - Opening	182.907	182.907	—	—	—	—
Add : Investments made during the year	69.500	—	—	—	—	—
Less : Divestment during the year	—	—	—	—	—	—
Investments - Closing	252.407	182.907	—	—	—	—
Guarantee	139.934	208.895	—	—	—	—
Receivable - Opening	22.344	16.241	—	—	514.667	573.824
Add : Amount receivable during the year	132.342	119.486	—	—	120.553	189.465
Less : Amount received during the year	87.048	113.383	—	—	185.869	248.622
Receivable - Closing	67.638	22.344	—	—	449.351	514.667
Payable - Opening	0.136	2.681	2.123	5.279	13.442	3.507
Add : Amount payable during the year	—	—	6.470	11.179	290.070	137.693
Less : Amount paid during the year	0.136	2.545	7.895	14.335	245.714	127.758
Payable - Closing	—	0.136	0.698	2.123	57.798	13.442

NOTES FORMING PART OF ACCOUNTS (Contd.,)

33. 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, 2010		

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	: 6,538,988	Total Assets	: 6,538,988
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Sources of Funds

Paid-up Capital	: 90,000
Reserves & Surplus	: 1,691,121
Secured Loans	: 2,559,976
Unsecured Loans	: Nil
Current Liabilities	: 2,197,891

Application of Funds

Net Fixed Assets	: 2,323,054
Deferred Tax Asset	: 56,810
Current Assets	: 3,906,717
Accumulated Losses	: Nil
Investments	: 252,407
Misc. Expenditure	: Nil

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

Turnover / Production Value	: 7,436,514	Profit / (Loss) After Tax	: 254,803
Other Income	: 33,297	Earnings per Share (in Rs.):	2.83
Total Expenditure	: 7,195,237	Dividend rate	: 40%
Profit / (Loss) Before Tax	: 274,574		

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
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 : Dashboard Instruments, Sensors and Accessories

8	4	0	9
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 : Oil Pumps

8	7	0	8
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& : Other Auto Components

8	7	1	4
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As per our report of date attached
For Suri & Co.,
Chartered Accountants
ICAI Regn. No.004283S
C.S. Sathyanarayanan, Partner
Membership No.028328
Coimbatore, 28th May 2010

For and on behalf of the Board

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary