

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008

1. Secured Loans:

- a) Rupee Term Loan from The Bank of Nova Scotia (Rs.150 Mn) and Foreign Currency Term Loan from The Hongkong and Shanghai Banking Corporation Ltd (USD 3 Mn) are secured by a pari passu first charge on the specific immovable and movable properties of the company.
 - b) Rupee Term Loan from The Bank of Nova Scotia (Rs.200 Mn) is secured by an exclusive charge on the specific immovable properties of the company.
 - c) External Commercial Borrowings from BNP Paribas and Citibank N.A are secured by an exclusive charge on the specific movable and immovable properties of the company.
 - d) External Commercial Borrowings from Standard Chartered Bank is secured by an exclusive charge on the specific movable properties of the company.
 - e) Loan from ICICI Bank Ltd and IndusInd Bank Ltd is secured by hypothecation of specific assets covered under the loan.
 - f) Rupee Term Loan from State Bank of India is secured by way of an exclusive charge on the specific movable and immovable properties of the Company and by way of pari passu second charge on the specific immovable properties of the company.
 - g) Corporate Loan from Indian Bank is secured by an exclusive charge on the specific movable and immovable properties of the company.
 - h) Cash Credit facilities from banks and the Corporate Loan from State Bank of India are secured by way of hypothecation of stock of raw materials, finished goods, stores & spares, work-in-progress and book debts.
 - i) Cash Credit Facilities from State Bank of India, Andhra Bank, ICICI Bank, IndusInd Bank, HDFC Bank, BNP Paribas, The Hongkong and Shanghai Banking Corporation Ltd, Citibank N.A, Centurion Bank of Punjab, Standard Chartered Bank, Indian Overseas Bank and Corporate Loan from State Bank of India are further secured by pari passu second charge on the specific immovable properties of the Company.
 - j) Cash Credit Facilities from IDBI Bank and The Bank of Nova Scotia are further secured by a pari passu second charge on the specific immovable properties of the Company.
2. Estimated value of contracts remaining to be executed on capital accounts is Rs.38 Mn.
 3. Loans & Advances includes security deposit for leasehold land amounting to Rs.10.302 Mn.

4. Stores and spares consumed is net of realization of sale of stores materials of Rs.0.144 Mn (Previous Year Rs.0.278 Mn)

5. As approved by the Honourable Madras High Court, English Tools and Castings Limited, a wholly owned subsidiary of the company has during the year reduced its share capital from Rs.276.989 Mn to Rs.79.337 Mn. Consequently the number of shares held by the company in English Tools and Castings Limited has been reduced to 7,933,700 Shares from 27,698,921 Shares. However, this does not affect the value of the investments.

6. Provision for current taxation has been made after considering the application made before the appropriate authority for the eligible deductions under the provisions of the Income Tax Act. Provision for Taxation includes Wealth Tax.

7. Income tax assessments are completed up to Assessment Year 2005-2006.

8. Deferred Tax :

	As at 31-03-2008	As at 31-3-2007
	Rs. Million	

Deferred Tax Liability on account of :

Depreciation	107.168	89.493
Less : Deferred Tax Asset on account of :		
Tax, Duties, Cess etc.	69.978	22.303
	37.190	67.190

9. Provision for Doubtful debts (net) is after considering a reversal of previous year provision to the extent of Rs.10.375 Mn.

10. a) Net foreign exchange gain of Rs.22.715 Mn is on account of

31.03.2008
Rs. Million

i) Exports	14.969	
ii) Payables	(16.620)	
iii) Loans	19.480	
iv) Interest rate swaps/Options/Derivatives	4.886	
Gain / (Loss)	22.715	

b) The company has considered an amount of Rs.12.870 Mn in the Profit & Loss Account being exchange difference relating to loans taken for acquisition of fixed assets. Hitherto, the same was adjusted against the carrying cost of fixed assets. This is due to the changes made to Accounting Standard 11 read with the companies (Accounting standard) Rules, 2006 issued by the Ministry of Company Affairs, vide notification dated 7.12.2006 and applicable from 1.4.2007.

NOTES FORMING PART OF ACCOUNTS (Contd.,)

11. Trading Income represents Gain on Goods Traded of Rs. 2.717 Mn arising out of Sale of Rs. 191.461 Mn and Purchase of Rs.188.744 Mn.

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

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

14. Value of imported and indigenous Raw Materials and Components Consumed	2007-08		2006-07	
	Rs. Million	%	Rs. Million	%
Raw Materials and Components :				
Imported	925.268	22.99	766.337	22.09
Indigenous	3,099.400	77.01	2,703.472	77.91
	<u>4,024.668</u>		<u>3,469.809</u>	
Decrease / (Increase) in Work-in-Progress	(121.442)		(21.298)	
	<u>3,903.226</u>		<u>3,448.511</u>	
15. Earnings in Foreign Currency :				
Sales calculated on FOB Basis & Services	1,212.761		1,002.152	
Insurance & Freight on Sales	62.135		34.856	
	<u>1,274.896</u>		<u>1,037.008</u>	
16. Foreign Exchange Outgo :				
<u>CIF Value of Imports :</u>				
Raw Materials & Components	1,375.603		1,054.601	
Spares	6.392		5.693	
Capital Goods	140.089		144.767	
	<u>1,522.084</u>		<u>1,205.061</u>	
Total				
<u>Other Payments :</u>				
Lumpsum Know-how fee	8.010		3.719	
Royalty on Sales	43.073		31.479	
Consultancy charges	1.986		7.085	
Interest on Foreign Currency Loan	121.900		112.934	
Other matters	118.232		117.530	
Dividend *	11.250		11.250	
	<u>304.451</u>		<u>283.997</u>	
Total				
17. Dividend remitted in Foreign Currency *				
a) Dividend (Rs. Million)	11.250		11.250	
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	
18. Remuneration to Auditors :				
For Audit (exclusive of Service Tax)	1.000		0.600	
For Taxation Matters	0.189		0.221	
For Certification	0.127		0.129	
Reimbursement of Expenses	0.059		0.043	
	<u>1.375</u>		<u>0.993</u>	



NOTES FORMING PART OF ACCOUNTS (Contd.,)

	31-3-2008 Rs. Million
19. Contingent Liabilities as on the closing date are as follows :	
Sales Tax Matters	33.313
Excise Matters	7.341
Bill Discounting Facilities from Bank	258.078
Corporate Guarantee to Foreign Subsidiary	163.877
Other Claims against the company not acknowledged as debts	14.100
	476.709

	Opening Balance	Additional	Reversal	Closing Balance
20. Provisions as on the closing date are as follows :				
1. Excise Duty Demands	32.617	7.206	1.874	37.949
2. Others	0.334	2.780	—	3.114
Total	32.951	9.986	1.874	41.063

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

21. The company has adopted the Revised Accounting Standard 15 in respect of defined benefit plan (gratuity) w.e.f. 1.4.2007.

I) Description of the company's 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 for in the payment of Gratuity Act, 1972. The terms of the benefits are common for all the employees of the company.

II. Changes in the Present Value of the Obligation (PVO) - Reconciliation of opening and closing balances:

	Rs. Million
PVO as at the beginning of the period	104.891
Interest cost	8.120
Current service cost	8.673
Past service cost - (non vested benefits)	—
Past service cost - (vested benefits)	—
Benefits paid	(9.300)
Actuarial loss / (gain) on obligation (balancing figure)	3.701
PVO as at the end of the period	116.085

III. Changes in the Fair Value of plan assets - Reconciliation of opening and closing balances:

Fair Value of plan assets as at the beginning of the period	104.819
Expected return on plan assets	12.618
Contributions	9.962
Benefits paid	(9.300)
Actuarial gain / (loss) on plan assets (balancing figure)	(1.167)
Fair Value of plan assets as at the end of the period	116.932

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	31-3-2008 Rs. Million
IV. Actual return on plan assets	
Expected return on plan assets	12.618
Actuarial gain / (loss) on plan assets	(1.167)
Actual return on plan assets	11.451
V. Actuarial Gain / Loss Recognized	
Actuarial gain / (loss) for the period - Obligation	(3.701)
Actuarial gain / (loss) for the period - Plan Assets	(1.167)
Total (gain) / loss for the period	4.868
Actuarial (gain) / loss recognized in the period	4.868
Unrecognized actuarial (gain) / loss at the end of the year	—
VI. Amounts recognized in the Balance Sheet and related analysis	
Present Value of the obligation	116.085
Fair Value of plan assets	116.932
Difference	(0.848)
Unrecognized transitional liability	—
Unrecognized past service cost - non vested benefits	—
Liability recognized in the Balance Sheet	—
Negative Amount recognized under para 55 of AS15 R	(0.848)
Present Value of available future refunds & reductions in future contributions	—
Assets recognized in the Balance Sheet as per para 59 of AS15 R	—
VII. Expenses recognized in the statement of Profit & Loss Account	
Current service cost	8.673
Interest Cost	8.120
Expected return on plan assets	(12.618)
Net actuarial (gain) / loss recognized in the year	4.868
Transitional Liability recognized in the year	—
Past service cost - non-vested benefits	—
Past service cost - vested benefits	—
Expenses recognized in the statement of Profit & Loss Account	9.042
The expense has been included under the head "Contribution of gratuity" under "Employees Cost" in the Profit & Loss Account.	
VIII. Movements in the liability recognized in the Balance Sheet	
Opening Net Liability	0.072
Expense as above	9.042
Contribution paid	(9.962)
Closing Negative Amount recognized under para 55 of AS15 R	(0.848)
Present Value of available future refunds & reductions in future contributions	—
Asset recognized in the Balance Sheet as per para 59 of AS15 R	—



NOTES FORMING PART OF ACCOUNTS (Contd.,)

	31-3-2008 Rs. Million
IX. Amount for the current period	
Present Value of obligation	116.085
Plan Assets	116.932
Surplus / (Deficit)	0.848
Experience adjustments on plan liabilities	0.128
Experience adjustments on plan assets	(1.167)
X. Major categories of plan assets (As percentage of total plan assets)	
Government of India Securities	---
State Government Securities	---
High Quality Corporate Bonds	---
Equity shares of Listed Companies	---
Property	---
Special Deposit Scheme	---
Funds Managed by - ICI Prudential Life Insurance	22.73%
- Life Insurance Corporation of India	77.27%
Others (to specify)	---
Total	100.00%
XI. Principal actuarial assumptions used as at the Balance Sheet date	
Discount rate	8.00%
Expected rate of return on plan assets	12.00%
Average future working life (Years)	8.20
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.	
XII. Enterprise's best estimate of contribution during next year	9.800
22. a) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and calculation of Chairman & Managing Director's and Executive Director's Commission for the year ended 31st March, 2008 :	
Profit Before Tax as per Profit & Loss Account	218.326
Add : Director's Commission	2.190
: Chairman & Managing Director's remuneration including commission	6.420
: Executive Director's remuneration including commission	2.521
: Loss on sale of assets	1.206
Net profit as per Section 196 of the Companies Act, 1956	230.663
Maximum amount payable 10% of the above	23.066
1.50% Commission on Net Profit for Chairman & Managing Director	3.460
0.75% Commission on Net Profit for Executive Director	1.730
b) Commission to Non-Whole Time Directors	2.190

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	31-3-2008			
	Rs. Million			
23. Employees' Cost include :				
Chairman & Managing Director and Executive Director's Remuneration				
Salary		1.824		
HRA		0.735		
Commission		5.190		
Contribution to Provident Fund & Other Funds		0.580		
Perquisites & Benefits		0.612		
		8.941		
24. a. The company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information available with the company, there are no dues to Micro, Small and Medium Enterprises, outstanding as on 31.03.2008.				
b. Sundry Creditors includes Imports Buyers Credit of Rs.427.567 Mn (Previous year Rs.179.738 Mn) and Vendors Bill Discounting of Rs.67.812 Mn (Previous year - Nil)				
25. Opening and Closing Stock of Finished Goods : Main Products	Opening Stock	Closing Stock		
	As at 1-4-2007 Nos.	As at 1-4-2006 Nos.		
	As at 31-3-2008 Nos.	As at 31-3-2007 Nos.		
Dashboard Instruments	240,200	153,124	397,388	240,200
Speedometer Cables (in mtrs)	58,200	42,964	69,120	58,200
Sensors (all types)	78,500	80,555	89,410	78,500
Oil Pumps	61,044	45,763	54,222	61,044
Chain Tensioners	22,200	25,755	24,600	22,200
Idle Speed Control Valve Assembly	920	785	1,115	920
26. Installed Capacity and Actual Production : Main Products	Installed capacity as on	Production		
	31-3-2008 Nos.	31-3-2007 Nos.	2007-08 Nos.	2006-07 Nos.
Dashboard Instruments	23,175,000	20,451,000	12,988,921	13,512,174
Speedometer Cables (in mtrs)	3,370,000	3,370,000	2,204,751	2,140,186
Sensors (all types)	11,060,000	9,448,000	8,080,097	7,221,505
Oil Pumps	9,966,000	6,709,000	4,920,255	5,519,899
Chain Tensioners	3,230,000	2,673,000	1,714,609	2,106,817
Idle Speed Control Valve Assembly	959,000	682,000	597,744	588,735
27. Turnover	2007-08	2006-07		
	Quantity (Nos.)	Value Rs. Million	Quantity (Nos.)	Value Rs. Million
1. Dashboard Instruments & Accessories :				
i. Dashboard Instruments	12,831,733	3,246.414	13,425,098	3,316.728
ii. Speedometer Cables (in mtrs)	2,193,831	95.454	2,124,950	88.282
iii. Sensors (all types)	8,069,187	1,037.053	7,223,560	934.568
iv. Accessories & Sub-assembly Components		101.848		104.665
2. Oil Pumps	4,927,077	434.322	5,504,618	456.715
3. Chain Tensioners	1,712,209	113.790	2,110,372	138.016
4. Idle Speed Control Valve Assembly	597,549	169.596	588,600	156.354
5. Other Auto Components		277.640		250.618
6. Other Products & Services		588.508		387.885
		6,064.625		5,833.831



NOTES FORMING PART OF ACCOUNTS (Contd.,)

28. The Company's operations mainly relate to one segment, Automotive Components.

29. List of Related parties with whom transactions have taken place during the year 2007-08 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 and Mrs. Vanitha Mohan; **Others :** Pricol Holdings Limited, Pricol Packaging Limited, Pricol Travel Limited, Pricol Technologies Limited, Pricol Properties Limited, Pricol Corporate Services Limited, Xenos Technologies Limited, Synoro Technologies Limited, Penta Enterprises (India) Limited, Ananya Innovations Limited, Vascon Pricol Infrastructures Limited, Priana Enterprises India Limited, Prime Agri Solutions (India) Limited, Shanmuga Steel Industries Limited, Carcerano Pricotech (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	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Purchase / Labour Charges paid	33.753	22.929	—	—	256.496	113.958
Sales / Job Work Charges received	36.374	14.094	—	—	472.308	384.912
Receiving of Services	—	—	8.941	11.050	8.101	0.947
Rendering of Services	—	—	—	—	4.894	1.783
Outstanding advance - Opening	139.774	1.610	—	—	—	—
Add : Amount advanced during the year	—	131.088	—	—	—	—
Less : Amount received during the year	139.774	—	—	—	—	—
Add : Interest receivable for the year	—	7.076	—	—	—	—
Amount receivable - Closing	—	139.774	—	—	—	—
Advances payable - Opening	13.369	14.422	—	—	—	—
Less : Amount repaid during the year	10.000	1.053	—	—	—	—
Advances payable - Closing	3.369	13.369	—	—	—	—
Investments - Opening	182.907	147.907	—	—	—	—
Add : Investments made during the year	—	35.000	—	—	—	—
Investments - Closing	182.907	182.907	—	—	—	—
Guarantee	163.877	178.330	—	—	—	—

NOTES FORMING PART OF ACCOUNTS (Contd.,)

30. 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, 2008		

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	: 6,900,937	Total Assets	: 6,900,937
Sources of Funds		Application of Funds	
Paid-up Capital	: 90,000	Net Fixed Assets	: 2,622,293
Reserves & Surplus	: 1,778,544	Current Assets	: 4,095,737
Secured Loans	: 2,922,624	Accumulated Losses	: Nil
Unsecured Loans	: 327,971	Investments	: 182,907
Deferred Tax	: 37,190	Misc. Expenditure	: Nil
Current Liabilities	: 1,744,608		

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

Turnover/Production Value	: 6,432,794	Profit After Tax	: 190,826
Other Income	: 69,407	Earnings per Share	: Rs.2.12
Total Expenditure	: 6,283,875	Dividend rate	: 60%
Profit Before Tax	: 218,326		

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, 29th May 2008

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

For and on behalf of the Board

P. Ravi
General Manager
Finance & Secretarial

D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary

