

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

1. Secured Loans:

- a) External Commercial Borrowings from BNP Paribas and Citibank N.A are secured by exclusive charges on the specific movable and immovable properties of the company.
 - b) External Commercial Borrowings from Standard Chartered Bank is secured by an exclusive charge on the specific movable properties of the company
 - c) Loan from ICICI Bank Ltd., and IndusInd Bank Ltd., is secured by way of hypothecation of specific assets covered under the loan.
 - d) Rupee Term Loan from Indian Overseas Bank is secured by an exclusive charge on the specific movable and immovable properties of the Company.
 - e) Corporate Loan from Indian Bank is secured by an exclusive charge on the specific movable and immovable properties of the company.
 - f) Corporate Loan from Andhra Bank is secured by an exclusive charge on the specific immovable properties of the company.
 - g) 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.
 - h) Cash Credit facilities from Andhra Bank, State Bank of India, ICICI Bank, HDFC Bank, Indian Overseas Bank, Canara 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.
 - i) 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.3.218 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.0.098 million (Previous year - Rs.0.144 million)

5. 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.

6. Income tax assessments are completed up to Assessment Year 2006-2007.

7. Deferred Tax :	As at 31-03-2009	As at 31-3-2008
	Rs. Million	
Deferred Tax (Liability) on account of :		
Depreciation	(2.204)	(107.168)
Add : Deferred Tax Asset on account of :		
Tax, Duties, Cess etc.	<u>32.014</u>	<u>69.978</u>
Total	<u>29.810</u>	<u>(37.190)</u>

8. Provision for Doubtful debts (net) is after considering a reversal of previous year provision to the extent of Rs.0.739 million.

9. Net foreign exchange Gain / (Loss) is on account of:

	2008-09	2007-08
	Rs. Million	
i) Exports	2.166	14.969
ii) Payables	(50.337)	(16.620)
iii) Loans	(124.510)	19.480
iv) Interest rate Swaps / Options / Derivatives	<u>24.628</u>	<u>4.886</u>
Gain / (Loss)	<u>(148.053)</u>	<u>22.715</u>

10. Trading Income represents Gain on Goods Traded of :

	2008-09	2007-08
	Rs. Million	
Sale of Traded Goods	168.285	191.461
Less : Purchases of Traded Goods/Other Expenses	<u>163.725</u>	<u>188.744</u>
Total	<u>4.560</u>	<u>2.717</u>

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.

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	2008-09 Rs. Million	%	2007-08 Rs. Million	%
13. Value of imported and indigenous Raw Materials and Components Consumed				
Raw Materials and Components :				
Imported	1,157.509	28.82	925.268	22.99
Indigenous	2,858.953	71.18	3,099.400	77.01
	<u>4,016.462</u>		<u>4,024.668</u>	
Decrease / (Increase) in Work-in-Progress	57.922		(121.442)	
Total	<u>4,074.384</u>		<u>3,903.226</u>	
14. Earnings in Foreign Currency (FOB) :				
Export Sales & Services	1,380.790		1,266.109	
Less : Insurance & Freight on Sales	94.464		62.135	
Total	<u>1,286.326</u>		<u>1,203.974</u>	
15. Foreign Exchange Outgo :				
CIF Value of Imports :				
Raw Materials & Components	1,445.104		1,375.603	
Spares	8.203		6.392	
Capital Goods	37.274		140.089	
Total	<u>1,490.581</u>		<u>1,522.084</u>	
Other Payments :				
Lumpsum Know-how fee	3.345		8.010	
Royalty on Sales	42.158		43.073	
Consultancy charges	—		1.986	
Interest on Foreign Currency Loans	118.121		121.900	
Other matters	59.501		118.232	
Dividend *	6.750		11.250	
Total	<u>229.875</u>		<u>304.451</u>	
16. Dividend remitted in Foreign Currency*				
a) Dividend (Rs. Million)	6.750		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	
17. Remuneration to Auditors :				
For Audit (exclusive of Service Tax)	1.250		1.000	
For Taxation Matters	0.153		0.189	
For Certification	0.235		0.127	
Reimbursement of Expenses	0.053		0.059	
Total	<u>1.691</u>		<u>1.375</u>	

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	As at 31-03-2009	As at 31-03-2008
18. Contingent Liabilities as on the closing date are as follows :	(Rs. Million)	
Sales Tax Matters	37.906	33.313
Excise Matters	47.401	7.341
Bill Discounting Facilities from Bank	124.600	258.078
Corporate Guarantee to Foreign Subsidiary	208.895	163.877
Other Claims against the company not acknowledged as debts	42.026	14.100
Total	<u>460.828</u>	<u>476.709</u>

19. Provisions as on the closing date are as follows :

	Opening Balance	Additional	Reversal	Closing Balance
	(Rs. Million)			
1. Excise Duty Demands	37.949	—	5.660	32.289
2. Others	3.114	—	2.780	0.334
Total	<u>41.063</u>	<u>—</u>	<u>8.440</u>	<u>32.623</u>

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.

20. Debtors include an amount of 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. 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:

Discount Rate	7.65% P.A.
Expected Return on Plan assets	8.00% P.A.
Average future working life	20 yrs
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.	

II. Changes in the Present Value of the Obligation:

	2008-09 Rs. Million
Present Value of obligation beginning of the period	116.085
Interest cost	8.419
Current service cost	10.233
Past service cost	—
Benefits paid	(12.055)
Actuarial Loss / (Gain) on obligation	(11.605)
Present Value of obligation end of the period	111.077

NOTES FORMING PART OF ACCOUNTS (Contd.,)

2008-09
Rs. Million

III. Changes in the Fair Value of plan assets:

Fair Value of plan assets beginning of the period	116.932
Expected return on plan assets	9.123
Contributions	1.999
Benefits paid	(12.055)
Actuarial Gain / (Loss) on plan assets	(4.850)
Fair Value of plan assets as at the end of the period	111.149

IV. Amounts recognised in the Balance Sheet:

Present Value of the obligation	111.077
Fair Value of plan assets	(111.149)
Liability / (Asset)	(0.072)
Unrecognised past service cost	—
Negative Amount recognised under para 55 of AS15 R	(0.072)
Present Value of available future refunds & reductions in future contributions	—
Assets recognised in the Balance Sheet as per para 59 of AS15 R	—

V. Expenses recognised in the statement of Profit & Loss Account:

Current service cost	10.233
Interest Cost	8.419
Expected return on plan assets	(9.123)
Net actuarial (Gain) / Loss recognised in the year	(6.754)
Past service cost	—
Expenses recognised in the statement of Profit & Loss Account	2.775
The expense has been included under the head "Contribution of gratuity" under "Employees' Cost" in the Profit and Loss Account.	

VI. Amount for the current period:

Present value of obligation	111.077
Plan Assets	111.149
Surplus / (Deficit)	0.072
Experience adjustments on plan liabilities	(12.380)
Experience adjustments on plan assets	(9.412)

VII. Major Categories of plan assets (As percentage of total plan assets):

Funds managed by - Life Insurance Corporation of India	79.57%
- ICICI Prudential Life Insurance	20.43%
Total	100.00%

VIII. Enterprise's best estimate of contribution during next year 3.000

- b) Contributions made for defined contribution plans and charged off to expenditure Rs.38.995 million.
(Previous year - Rs.37.461 million)

NOTES FORMING PART OF ACCOUNTS (Contd.,)

2007-08
Rs. Million

22. a) **Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and calculation of Commission to Chairman & Managing Director and Executive Director :**

Profit Before Tax as per Profit & Loss Account	218.326
Add : Commission to Non-Whole Time Directors	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 198 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

Due to inadequacy of profit for the year 2008-09, the remuneration to Chairman & Managing Director, Executive Director and the President & Chief Operating Officer was paid within the limits specified in Sec.II of Part II of Schedule XIII to the Companies Act, 1956. Hence computation under Section 349 has not been made.

23. **Employees' Cost include :**

Director's Remuneration	2008-09	2007-08
	Rs. Million	
Salary	2.892	1.824
HRA	1.249	0.735
Commission	—	5.190
Contribution to Provident Fund & Other Funds	0.929	0.580
Perquisites & Benefits	0.919	0.612
Total	<u>5.989</u>	<u>8.941</u>

24. 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.1.052 Mn. is due to Micro, Small and Medium Enterprises, as detailed below:

S.No.	Vendor Name	Rs. Million
1	Getech Electronics Pvt. Ltd.,	0.005
2	Prakash Engineering Works	0.040
3	Monarch Self Adhesive Tapes	0.011
4	Sankhla Industries	0.149
5	Prasad Associate	0.003
6	Vijay Industrial Polymers	0.003
7	Suja Diamond Products	0.001
8	Bombay Speciality Products	0.133
9	Samy Engineering Tools	0.015
10	Covai Air Products	0.008
11	Malik Enterprises	0.047
12	Consolidated Metal Finishing Pvt. Ltd.,	0.102
13	Sakthi Spring Forms Pvt. Ltd.,	0.023
14	NK Precision Components	0.158
15	Pune Metagraph	0.019

NOTES FORMING PART OF ACCOUNTS (Contd.,)

24. a) (Contd..)

S.No.	Vendor Name	Rs. Million
16	Alfa Rubber & Springs Pvt. Ltd.,	0.105
17	Q Plus Technologies Pvt. Ltd.,	0.030
18	Press Comp International Pvt. Ltd.,	0.096
19	Sri Lakshmi Vishnu Plastics	0.029
20	C.M.S. Chemical Industries	0.072
21	Victory Engineering Works	0.003
Total		1.052

All the amounts outstanding are due for a period less than that prescribed under the Act.

- b) Sundry Creditors includes Imports Buyers Credit of Rs.734.381 Mn (Previous year - Rs.427.567 Mn) and Vendors Bill Discounting - Nil (Previous year - Rs.67.812 Mn)

25. Opening and Closing Stock of Finished Goods : Main Products

	Opening Stock		Closing Stock	
	As at 1-4-2008	As at 1-4-2007	As at 31-3-2009	As at 31-3-2008
	Nos.	Nos.	Nos.	Nos.
Dashboard Instruments	397,388	240,200	355,521	397,388
Speedometer Cables (in mtrs)	69,120	58,200	68,214	69,120
Sensors (all types)	89,410	78,500	81,500	89,410
Oil Pumps	54,222	61,044	26,407	54,222
Chain Tensioners	24,600	22,200	26,422	24,600
Idle Speed Control Valve Assembly	1,115	920	1,220	1,115

26. Installed Capacity and Actual Production : Main Products

	Installed capacity as on		Production	
	31-3-2009	31-3-2008	2008-09	2007-08
	Nos.	Nos.	Nos.	Nos.
Dashboard Instruments	25,444,000	23,175,000	13,479,637	12,988,921
Speedometer Cables (in mtrs)	3,370,000	3,370,000	2,160,124	2,204,751
Sensors (all types)	12,540,000	11,060,000	7,730,728	8,080,097
Oil Pumps	12,000,000	9,966,000	5,473,944	4,920,255
Chain Tensioners	3,230,000	3,230,000	1,466,872	1,714,609
Idle Speed Control Valve Assembly	959,000	959,000	581,692	597,744

27. Turnover

	2008-09		2007-08	
	Quantity (Nos.)	Value Rs. Million	Quantity (Nos.)	Value Rs. Million
1. Dashboard Instruments & Accessories :				
i. Dashboard Instruments	13,521,504	3,479.965	12,831,733	3,246.414
ii. Speedometer Cables (in mtrs)	2,161,030	100.691	2,193,831	95.454
iii. Sensors (all types)	7,738,638	995.044	8,069,187	1,037.053
iv. Accessories & Sub-assembly Components		110.846		101.848
2. Oil Pumps	5,501,759	456.272	4,927,077	434.322
3. Chain Tensioners	1,465,050	109.687	1,712,209	113.790
4. Idle Speed Control Valve Assembly	581,587	128.317	597,549	169.596
5. Other Auto Components		335.867		277.640
6. Other Products & Services		424.077		588.508
		6,140.766		6,064.625

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

NOTES FORMING PART OF ACCOUNTS (Contd.,)

29. List of Related parties with whom transactions have taken place during the year 2008-09 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, Ananya Innovations Limited, Vascon Pricol Infrastructures 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	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Purchase / Labour Charges paid	23.839	33.753	—	—	134.477	256.496
Sales / Job Work Charges received	56.427	36.374	—	—	128.288	472.308
Purchase of Fixed Assets during the year	—	—	—	—	—	—
Sale of Fixed Assets during the year	1.017	—	—	—	—	—
Receiving of Services	—	—	5.989	8.941	14.396	8.101
Rendering of Services	—	—	—	—	12.329	4.894
Loan / Advance / Deposit - Opening	—	139.774	—	—	10.356	10.356
Add : Amount advanced during the year	48.234	—	—	—	—	—
Less : Amount received during the year	26.234	139.774	—	—	—	—
Add : Interest receivable for the year	—	—	—	—	—	—
Loan / Advance / Deposit - Closing	22.000	—	—	—	10.356	10.356
Advances payable - Opening	3.369	13.369	—	—	—	—
Less : Amount repaid during the year	—	10.000	—	—	—	—
Advances payable - Closing	3.369	3.369	—	—	—	—
Investments - Opening	182.907	182.907	—	—	—	—
Add : Investments made during the year	—	—	—	—	—	—
Less : Divestment during the year	—	—	—	—	—	—
Investments - Closing	182.907	182.907	—	—	—	—
Guarantee	208.895	163.877	—	—	—	—
Receivable - Closing	23.756	16.241	—	—	514.667	573.824
Payable - Closing	—	2.681	2.123	5.279	13.442	3.507

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, 2009		

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	: 6,387,484	Total Assets	: 6,387,484
-------------------	-------------	--------------	-------------

Sources of Funds

Paid-up Capital	: 90,000
Reserves & Surplus	: 1,478,297
Secured Loans	: 2,969,165
Unsecured Loans	: 120,880
Current Liabilities	: 1,729,142

Application of Funds

Net Fixed Assets	: 2,510,678
Deferred Tax Asset	: 29,810
Current Assets	: 3,664,089
Accumulated Losses	: Nil
Investments	: 182,907
Misc. Expenditure	: Nil

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

Turnover / Production Value	: 6,168,258	Profit / (Loss) After Tax	: (300,247)
Other Income	: 38,027	Earnings per Share (in Rs.):	(3.34)
Total Expenditure	: 6,589,088	Dividend rate	: Nil
Profit / (Loss) Before Tax	: (382,803)		

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 2009

For and on behalf of the Board

Vijay Mohan
Chairman & Managing Director

D. Sarath Chandran
Director

Vanitha Mohan
Executive Director

P. Ravi
General Manager
Finance & Secretarial

T.G. Thamizhanban
Company Secretary