

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2007

1. Secured Loans:

- a) Rupee Term Loans from BNP Paribas, The Bank of Nova Scotia 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) 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.
 - c) External Commercial Borrowings from Standard Chartered Bank is secured by an exclusive charge on the specific movable properties of the company.
 - d) Foreign currency Loan from The Hongkong and Shanghai Banking Corporation Ltd (USD 5 Mn) is secured by an exclusive charge on the specific immovable properties of the company.
 - e) Rupee Term Loan from IDBI Bank Ltd is secured by an exclusive charge on the specific movable properties of the company.
 - f) Vehicle Loan from ICICI Bank Ltd is secured by hypothecation of specific vehicles covered under the loan.
 - g) Rupee Term Loan from The Bank of Nova Scotia is secured by an exclusive charge on the specific immovable properties of the company.
 - h) Cash Credit facilities from banks and the Long Term Working Capital Loan from Export Import Bank of India are secured by way of hypothecation of stock of raw materials, finished goods, and consumable stores, spares, work-in-progress and book debts.
 - i) Cash Credit facilities from Andhra Bank, State Bank of India, ICICI Bank Ltd., IndusInd Bank Ltd., HDFC Bank Ltd., BNP Paribas, The Hongkong and Shanghai Banking Corporation Ltd, Citibank N.A and Long Term Working Capital Loan from Export Import 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 Ltd., and The Bank of Nova Scotia are further secured by 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.88.182 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.0.278 million (Previous year Rs.0.123 million)
5. Employee Cost includes Rs.89.509 million paid to certain Special Vendors towards the Labour cost of the work exclusively executed for the Company.
6. Research & Development expenses of revenue nature for the year is Rs.169.115 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.38.452 million is grouped under fixed assets and depreciation is charged on such assets.
7. 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.
8. Income tax assessments are completed up to Assessment Year 2004-05.
9. Deferred Tax :
- | | As at
31-03-2007 | As at
31-3-2006 |
|--|---------------------|--------------------|
| | Rs. Million | |
| Deferred Tax Liability on account of : | | |
| Depreciation | 89.493 | 96.710 |
| Less : Deferred Tax Asset on account of : | | |
| Tax, Duties, Cess etc. | 22.303 | 9.520 |
| | 67.190 | 87.190 |
10. Provisions for Doubtful debts made during the year is net of reversal of provision of Rs.12.277 million.
11. Pay, Allowances, Performance Reward and Bonus is net of excess provision for performance reward of Rs.10.561 million of Financial Year 2005-2006 reversed during the year.
12. Trading Income represents i) Gain on Goods Traded of Rs.4.596 million arising out of Sale of Rs.109.540 million (includes High Sea Sales of Rs.32.618 million) and Purchase of Rs.104.944 million and ii) Loss of Rs.0.728 million arising out of Purchase and Sale of Fuel.
13. Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.
14. Figures have been rounded off to the nearest thousand.

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	2006-07 Rs. Million	%	2005-06 Rs. Million	%
15. Value of imported and indigenous Raw Materials and Components Consumed				
Raw Materials and Components :				
Imported	766.337	22.09	722.220	26.36
Indigenous	2,703.472	77.91	2,018.046	73.64
	<u>3,469.809</u>		<u>2,740.266</u>	
Decrease / (Increase) in Work-in-Progress	(21.298)		15.083	
	<u>3,448.511</u>		<u>2,755.349</u>	
16. Earnings in Foreign Currency :				
Sales calculated on FOB Basis & Services	1,002.152		578.475	
Insurance & Freight on Sales	34.856		24.609	
	<u>1,037.008</u>		<u>603.084</u>	
17. Foreign Exchange Outgo :				
<u>CIF Value of Imports :</u>				
Raw Materials & Components	1,054.601		826.280	
Spares	5.693		5.207	
Capital Goods	144.767		49.456	
Total	<u>1,205.061</u>		<u>880.943</u>	
<u>Other Payments :</u>				
Lumpsum Know-how fee	2.072		0.795	
Royalty on Sales	31.482		27.222	
Consultancy charges	7.085		7.505	
Interest on Foreign Currency Loan	112.934		63.412	
Other matters	119.174		44.971	
Dividend *	11.250		11.250	
Total	<u>283.997</u>		<u>155.155</u>	
18. 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	
19. Remuneration to Auditors :				
For Audit (exclusive of Service Tax)	0.600		0.400	
For Taxation Matters	0.221		0.123	
For Certification	0.129		0.103	
Reimbursement of Expenses	0.043		0.049	
	<u>0.993</u>		<u>0.675</u>	

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	31-3-2007 Rs. Million
20. Contingent Liabilities as on the closing date are as follows :	
Sales Tax Matters	33.313
Excise Matters	2.265
Bill Discounting Facilities from Bank	103.500
Corporate Guarantee to Foreign Subsidiary	178.330
Other Claims against the company not acknowledged as debts	14.100
	331.508

21. Provisions as on the closing date are as follows :	Opening Balance	Additional		Reversal	Closing Balance
		(Rs. Million)			
1. Excise Duty Demands	29.791	2.826	—	—	32.617
2. Others	0.334	—	—	—	0.334
Total	30.125	2.826	—	—	32.951

Note : The company is contesting before the appropriate authorities in respect of the provisions made for the demands referred in Sl. No.1 above. The company does not expect any reimbursement of the above provisions.

22. 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, 2007 :	31-3-2007 Rs. Million
Profit Before Tax as per Profit & Loss Account	508.127
Add : Director's Commission	2.490
Add : Chairman & Managing Director's remuneration including commission	10.560
Add : Loss on sale of assets	1.925
Net profit as per Section 198 of the Companies Act, 1956	523.102
1.50% Commission on Net Profit	7.847
b) Commission to Non-Whole Time Directors	2.490

23. Employee's Cost include :	Rs. Million
Chairman & Managing Director's Remuneration	
Salary	1.122
HRA	0.673
Commission	7.847
Contribution to Provident Fund & Other Funds	0.357
Perquisites & Benefits	0.561
	10.560

NOTES FORMING PART OF ACCOUNTS (Contd.,)

	2006-07 Rs. Million		2005-06 Rs. Million	
24. Opening and Closing Stock of Finished Goods : Main Products	Opening Stock		Closing Stock	
	As at 1-4-2006 Nos.	As at 1-4-2005 Nos.	As at 31-3-2007 Nos.	As at 31-3-2006 Nos.
Dashboard Instruments	153,124	159,905	240,200	153,124
Speedometer Cables (in mtrs)	42,964	28,240	58,200	42,964
Sensors (all types)	80,555	42,025	78,500	80,555
Oil Pumps	45,763	94,492	61,044	45,763
Chain Tensioners	25,755	21,255	22,200	25,755
Idle Speed Control Valve Assembly	785	1,114	920	785
25. Installed Capacity and Actual Production : Main Products	Installed capacity as on		Production	
	31-3-2007 Nos.	31-3-2006 Nos.	2006-07 Nos.	2005-06 Nos.
Dashboard Instruments	20,451,000	16,890,000	13,512,174	11,784,308
Speedometer Cables (in mtrs)	3,370,000	3,370,000	2,140,186	2,440,572
Sensors (all types)	9,448,000	7,932,000	7,221,505	5,819,130
Oil Pumps	6,709,000	6,470,000	5,519,899	5,033,908
Chain Tensioners	2,673,000	1,970,000	2,106,817	1,739,445
Idle Speed Control Valve Assembly	682,000	682,000	588,735	546,953
<i>Note : Installed Capacity as certified by Plant Head.</i>				
26. Turnover	2006-07		2005-06	
	Quantity (Nos.)	Value Rs. Million	Quantity (Nos.)	Value Rs. Million
1. Dashboard Instruments & Accessories :				
i. Dashboard Instruments	13,425,098	3,316.728	11,791,089	2,726.583
ii. Speedometer Cables (in mtrs)	2,124,950	88.282	2,425,848	96.072
iii. Sensors (all types)	7,223,560	934.568	5,780,600	731.250
iv. Accessories & Sub-assembly Components		104.665		93.425
2. Oil Pumps	5,504,618	456.715	5,082,637	397.099
3. Chain Tensioners	2,110,372	138.016	1,734,945	106.125
4. Idle Speed Control Valve Assembly	588,600	156.354	547,282	147.340
5. Other Auto Components		250.618		247.437
6. Other Products & Services		387.885		271.551
		5,833.831		4,816.882

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

NOTES FORMING PART OF ACCOUNTS (Contd.,)

28. List of Related parties with whom transactions have taken place during the year 2006-07 and Relationship :

Holding Company : Nil; **Subsidiary Companies** : 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 Holdings Limited, Pricol Packaging Limited, Pricol Travel 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, Pricol Corporate Services Limited, Carcerano Pricoltech (India) Private Limited, Shanmuga Steel Industries Limited, Libra Industries, Leo Industries, Ellargi & Co., and Bhavani Treads.

(Rs. Million)

Nature of Transaction	Subsidiary Company		Promotee Company		Key Mgmt Personnel		Others	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Purchase / Labour Charges paid	22.93	14.16	—	—	—	—	113.96	79.12
Sales / Job Work Charges received	14.09	0.39	—	—	—	—	384.91	273.84
Receiving of Services	—	—	—	—	11.05	9.28	0.95	1.68
Rendering of Services	—	—	—	—	—	—	1.78	6.36
Advances / Investments realised	—	—	—	48.17	—	—	—	—
Sale of Assets	—	—	—	3.66	—	—	—	—
Outstanding advance - Opening	1.61	76.85	—	—	—	—	—	—
Amount advanced during the year	131.09	16.03	—	—	—	—	—	—
Amount received during the year	—	91.27	—	—	—	—	—	—
Interest receivable for the year	7.08	—	—	—	—	—	—	—
Amount receivable - Closing	139.78	1.61	—	—	—	—	—	—
Investments - Opening	147.91	22.50	—	—	—	—	—	—
Add : Investments made during the year	35.00	125.41	—	—	—	—	—	—
Investments - Closing	182.91	147.91	—	—	—	—	—	—
Guarantee	178.33	—	—	—	—	—	—	—

NOTES FORMING PART OF ACCOUNTS (Contd.,)

29. 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, 2007

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 : 6,155,586 Total Assets : 6,155,586

Sources of Funds

Paid-up Capital : 90,000
Reserves & Surplus : 1,650,895
Secured Loans : 1,921,859
Unsecured Loans : 1,237,530
Deferred Tax : 67,190
Current Liabilities : 1,188,112

Application of Funds

Net Fixed Assets : 2,391,613
Current Assets : 3,520,231
Accumulated Losses : Nil
Investments : 243,742
Misc. Expenditure : Nil

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

Turnover/Production Value : 5,936,564 Profit After Tax : 362,127
Other Income : 28,437 Earnings per Share : Rs.4.02
Total Expenditure : 5,456,874 Dividend rate : 100%
Profit Before Tax : 508,127

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, 2007

Vijay Mohan
Chairman & Managing Director

Vanitha Mohan
Executive Director

For and on behalf of the Board

D. Sarath Chandran
Director

P. Ravi
General Manager
Finance & Secretarial

T.G. Thamizhanban
Company Secretary