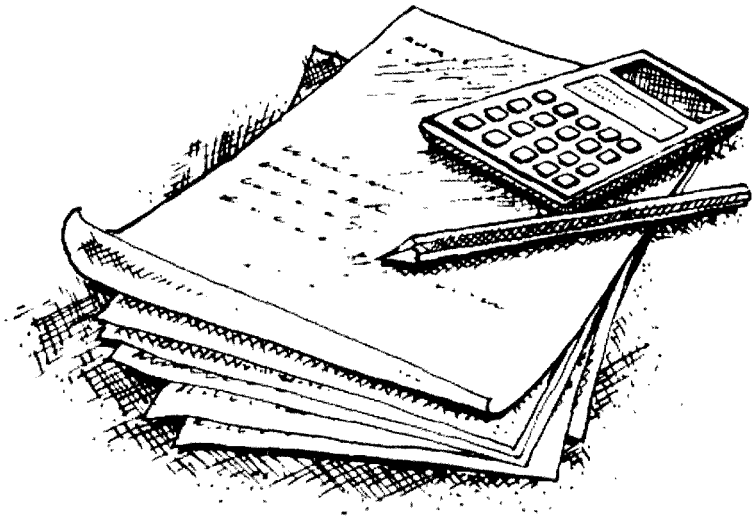




Annual Report 2009



pricol limited

BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman & Managing Director
 Mr. Suresh Jagannathan
 Mr. C.R. Swaminathan
 Mr. D. Sarath Chandran
 Mr. Mitsuharu Kato (From 31st July 2008)
 Mr. Yoshihiko Kato, Alternate Director to Mr. Mitsuharu Kato
 Mr. C.N. Srivatsan
 Mr. V. Ramakrishnan
 Mr. R. Vidhya Shankar
 Mr. M. Lakshminarayan
 Mr. Vikram Mohan (From 29th May 2009)
 Mr. Shinji Shirasaki (Upto 31st July 2008)
 Dr. Kalyani Gandhi (Upto 28th January 2009)
 Mr. L. Lakshman (Upto 18th April 2009)
 Mr. K. Udhaya Kumar, President & Chief Operating Officer
 Mrs. Vanitha Mohan, Executive Director

COMPANY SECRETARY

Mr. T.G. Thamizhanban

AUDITORS

M/s. Suri & Co.,
 Chartered Accountants, Coimbatore

BANKERS

State Bank of India	The Bank of Nova Scotia
Andhra Bank	HDFC Bank Limited
IDBI Bank Limited	Canara Bank
ICICI Bank Limited	Indian Overseas Bank

REGISTERED OFFICE

702/7, Avanashi Road,
 Coimbatore - 641 037, India.
 Ph : 0422-4336000 Fax : 0422-4336299
 E-mail : city@pricol.co.in

FACTORIES

PLANT I

132, Ooty Main Road,
 Perianaickenpalayam,
 Coimbatore - 641 020.

PLANT II

Plot No.34 & 35, Sector 4,
 IMT Manesar,
 Gurgaon - 122 050.

PLANT III

4/558, Chinnamathampalayam,
 Bilichi Village,
 Press Colony Post,
 Coimbatore - 641 019.

PLANT IV

2/439, Main Road,
 Karamadai Post,
 Coimbatore - 641 104.

PLANT V

Survey No.1065 & 1066,
 Pirangut, Taluk Mulshi,
 Pune - 412 108.

PLANT VI

Plot No.11, Sector 10,
 Integrated Industrial Estate,
 Pantnagar, SIDCUL,
 Rudrapur - 263 153.
 Dist. U.S. Nagar (Uttarakhand)

PLANT VII

Plot No.45, Sector 11,
 Integrated Industrial Estate,
 Pantnagar, SIDCUL,
 Rudrapur - 263 153.
 Dist. U.S.Nagar (Uttarakhand)

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DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Your Directors present the Thirty Seventh Annual Report and audited accounts for the financial year ended 31st March 2009.

FINANCIAL RESULTS

The summarised financial results are :

	2008-09	Rs. Million 2007-08
Net Sales & Services		
- Domestic	4,765.512	4,803.689
- Export	1,375.254	1,260.936
Total	6,140.766	6,064.625
Profit Before Interest and Depreciation	377.613	832.519
Less : Interest & Finance charges	395.505	287.003
: Depreciation	364.911	327.190
Profit / (Loss) Before Tax	(382.803)	218.326
Less : Provision for		
Current Taxation	—	50.000
Fringe Benefit Tax	6.600	7.500
Deferred Tax (Asset)	(67.000)	(30.000)
Add : Tax provision for earlier years no longer required written back	22.156	—
Profit / (Loss) After Tax	(300.247)	190.826
Add : Balance brought forward	184.635	256.986
Amount available for appropriation	(115.612)	447.812

DIVIDEND

In view of the losses incurred, the directors regret that dividend cannot be recommended for the year 2008-09.

APPROPRIATION

	2008-09	Rs. Million 2007-08
Dividend Re.Nil per share of Re.1.00 face value (Previous year Re.0.60 per share of Re.1/- face value)	—	54.000
Tax on Dividend @ 16.995%	—	9.177
General Reserve	—	200.000
Surplus / (Deficit) to be carried over	(115.612)	184.635
Total	(115.612)	447.812

INDUSTRY STRUCTURE AND DEVELOPMENTS

In the beginning of the financial year 2008-09, the automotive industry envisaged robust growth. But due to the global economic melt down and resulting slow down in Indian economy, the vehicle production drastically started reducing from August'08 onwards. The recovery commenced only in March'09. Consequently for the full financial year 2008-09 the automotive industry had a marginal growth only.

The performance as per Society of Indian Automobile Manufacturers (SIAM) is :

Category	Vehicles Sold		Growth 2008-09 %
	2007-08 In numbers	2008-09	
Passenger Car	1,414,845	1,551,012	9.62
Utility Vehicle	251,567	228,840	-9.03
Multi Purpose Vehicle	101,871	107,767	5.79
Medium & Heavy			
Commercial Vehicle	296,675	200,406	-32.45
Light Commercial Vehicle	252,813	226,389	-10.45
Scooters / Scooterettee	1,075,591	1,171,663	8.93
Motor cycles	6,544,349	6,806,114	4.00
Mopeds	431,983	438,514	1.51
Three Wheelers	506,006	497,793	-1.62
Total	10,875,700	11,228,498	3.24

OPERATIONS

For our company even though the domestic market sales for the OEM, Spare parts and Railways increased marginally in line with market growth, the economic down turn resulted in the sale of Fleet Management Products, Vehicle Accessories and Industrial Products to fall steeply. Consequently the domestic turnover decreased from Rs.4,804 million to Rs.4,766 million. The export turnover increased from Rs.1,261 million to Rs.1,375 million an increase of 9%. The total sales increased marginally to Rs.6,141 million from Rs.6,065 million.

Roughly 30% of production inputs are imported raw materials and components in US Dollar and Japanese Yen. The steep depreciation of Rupee from less than Rs.40 per dollar to more than Rs.50 per dollar and Re.0.36 per Yen to more than Re.0.51 per Yen resulted in very steep increase in the cost of imported raw materials and components. In addition due to the increase of cost of power due to more of power generation through generators, Profit before Interest and Depreciation reduced to Rs.378 million from Rs.833 million.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd..)

Due to steep depreciation of Rupee, loss of Rs.105 million was incurred in the actual repayment of Foreign Currency Loans and Buyers credit for imports. For the balance of Foreign Currency Loans consequent to the re-statement as per Accounting Standard 11, the loss is Rs.43 million. The Interest & Finance charges increased by Rs.109 million due to increased interest rates and marginal increase in average borrowings.

Therefore as against a profit of Rs.191 million for the previous financial year, the company has incurred a loss of Rs.300 million, after a long period of 32 years.

The company's domestic sales for 2009-10 is expected to grow marginally, only 2 to 3%. Even though for the full financial year ending March'09 the company's exports grew by 9%, slow down started in the second half of the financial year. The steep recession continuing in the countries where we export, the overall exports for the year will be lower for the year 2009-10. Therefore overall sales outlook for the year 2009-10 will remain same as the previous year.

The only worry is Rupee continuing to be weak which will increase our imported raw material & component cost. The company is taking steps to reduce costs.

SUBSIDIARY COMPANIES

PT Pricol Surya, Indonesia

A wholly owned subsidiary in Indonesia manufacturing instruments for two wheelers, commenced operation from April 2007. During the first financial year April'07 to March'08, sale was Rs.86.160 million and loss was Rs.18.726 million.

In subsequent financial year April'08 onwards, PT Pricol Surya had break even sales from June'08 and had profits month on month till October'08. Due to global financial melt down, Two wheeler production drastically reduced in Indonesia and other ASEAN countries. Therefore sales drastically reduced well below break even from November'08. Consequently even though for full financial year April'08 to March'09, the sales increased to Rs.121.841 million, the increased fixed cost put in place for higher production and sales planned, could not be met and loss increased to Rs.38.373 million.

The indications are recovery will take place in Indonesia from October'09, Suzuki Motor Cycles have indicated higher production schedules from November'09. For the new customer Yamaha Motor Cycles supplies are expected to start from December'09. Consequently for

the last quarter January'10 to March'10, the sales is expected to be above break even levels. Losses are expected to be lower for the financial year 2009-10.

English Tools and Castings Limited

A wholly owned subsidiary, manufacturing pressure die casting components primarily catering to commercial vehicle sector (80%) and industrial sector (20%) had a turnover of Rs.247 million and nominal profit of Rs.4.520 million in the previous financial year 2007-08.

Heavy reduction in off-take from commercial vehicles sector & industrial sector due to economic down turn in 2008-09 resulted in the turnover drastically reducing to Rs.150 million for the financial year 2008-09 and loss of Rs.32.882 million.

English Tools and Castings Limited has already started expanding its customer base. In the second quarter of ongoing financial year supplies will be commenced for TVS Motors 3 wheelers and from October'09 onwards for TVS Motors 2 wheelers as well as for Greaves Transmission components and Sonalika Multi purpose vehicle. The company is expected to break even from the third quarter of the financial year 2009-10 onwards. Company expects break even for the year 2009-10, barring any unforeseen circumstances.

Integral Investments Limited

A wholly owned subsidiary, an investment company, during the fiscal 2008-09 had invested Rs.0.387 million in equity shares & mutual funds and received a dividend of Rs.0.110 million. The Profit After Tax was Rs.0.092 million.

OUTLOOK

With the year closing on a mixed note for the Automobile Industry, the recent recovery in sales numbers can be attributed to customers deferring their buying in 2008. The recent cuts in interest rates are as yet to filter down to vehicle loans and loosening of bank credit to the automobile segment.

It is expected that, once credit to the sector resumes significantly, demand for passenger vehicles and motor cycles will grow. The component industry is expected to have a modest growth.

OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS

Indian economy has been, more or less, able to withstand tremors of global financial melt down. Even though the rate of GDP growth has slowed down

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd..)

considerably it is expected to be around 6%. Work force of auto industry of India is relatively well trained. All these factors indicate that there could be a decent future for Indian auto industry in days to come. As per its estimates, Indian auto industry could become a major center for small car manufacturing in future.

The Indian automobile ancillary sector is transforming itself from a low volume, highly fragmented one into a competitive industry and backed by competitive strengths, technology and transition up the value chain.

The auto component industry has been exposed to many risks of varying intensity. The global slow down, has worsened economic sentiment across continents, affecting exports. Coupled with steep increase in interest rate, volatility in the prices of raw materials & other inputs, currency fluctuations, OEM's demand for price reduction, stiff competition by the entry of Multinationals and their home country partnership and Just In Time supplies are the major risks and challenges faced by the companies. It is forcing companies to plan operations effectively and produce quality components at lower costs.

In spite of all these risks, overall prospects for the Indian auto component industry appears positive, considering government stimulus packages and the Indian economy recovering faster.

The impact of risks will be reduced through continuous monitoring, timely action and control measures by the company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has proper and adequate systems of internal control to ensure protection of assets, proper financial & operating functions and compliance with the policies, procedures, applicable Acts and Rules. The company's internal controls are supplemented by sound internal audit practices. The Audit Committee at their meetings regularly review the financial, operating, internal audit & compliance reports to improve performance. The heads of various monitoring / operating cells are present for the Audit Committee meetings to answer queries raised by the Audit Committee.

RISK MANAGEMENT

Risk is an integral part of the business process.

To enhance the risk management process, the company has mapped the risks. A system has been formulated based on Balanced Score Card with various appropriate measures and accountabilities to identify, assess,

prioritise and mitigate the risks. Reports generated from the system are monitored regularly to ensure that appropriate corrective actions are taken.

FINANCE

During the year the company has not accepted / renewed any fixed deposit from public. The total deposits from public outstanding, as on 31st March, 2009 is Rs.0.193 million including matured unclaimed deposits. 11 deposits amounting to Rs.0.193 million matured but had not been claimed by the depositors as on that date. Out of these 2 deposits amounting Rs.0.050 million have since been repaid. Reminders have been sent to unclaimed deposit holders for suitable instructions.

Due to loss incurred by the company, ICRA downgraded the credit rating to 'LBB' (Previous year - 'LA') for Working Capital fund based facilities & Term Loan facilities and 'A4' (Previous year - 'A1') for Working Capital non fund based facilities.

DIRECTORS

Mr. D. Sarath Chandran, Mr. Mitsuharu Kato and Mr. V. Ramakrishnan, Directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Mr. Vikram Mohan has joined the Board of Directors on 29th May, 2009 as an additional director under section 260 of the Companies Act, 1956. He vacates office on the date of the forthcoming 37th Annual General Meeting and is eligible for appointment.

Dr. Kalyani Gandhi has resigned effective 28th January, 2009 due to health reasons.

Mr. L. Lakshman has resigned effective 18th April, 2009 due to increasing demand on his time and other commitments.

The Board of Directors places on record their warm appreciation of the valuable contribution made by Dr. Kalyani Gandhi and Mr. L. Lakshman during their association with the company.

AUDITORS

The Auditors of the Company, M/s. Suri & Co., retire at the ensuing Annual General Meeting and are eligible for reappointment.

DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company strives to maintain healthy and harmonious relationships with all its employees. Efforts

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd..)

are ongoing to build and renew the relationship with the workforce.

CORPORATE SOCIAL OBJECTIVES

Corporate Social Responsibility continues to assume an important role in the activities of the Company. Afforestation, Water Management, Waste water recycling, Literacy and Health continue to be the chosen areas of work by the Company and its employees.

CONSERVATION OF ENERGY

The company continues to put its effort to adopt various energy saving measures for conservation of energy even though it is not a power intensive industry.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company's foreign exchange earnings were Rs.1,286.326 million (Rs.1,203.974 million in 2007-08). The revenue expenditure in foreign currency was Rs.1,679.837 million (Rs.1,678.436 million in 2007-08) and the capital expenditure was Rs.40.619 million (Rs.148.099 million in 2007-08).

STATUTORY STATEMENTS

As required by section 212 of the Companies Act, 1956, a statement showing the Company's interest in the subsidiaries is enclosed to the Balance Sheet of the Company.

The company has obtained the approval of the Ministry of Corporate Affairs, New Delhi vide letter no:47 / 11 / 2009 - CL - III dated 5th February 2009 in terms of Section 212(8) of the Companies Act, 1956 exempting the company from attaching the balance sheet and profit and loss account of the subsidiaries, (1) Integral Investments Limited (2) English Tools and Castings Limited and (3) PT Pricol Surya, Indonesia, along with the report of Board of Directors and that of the auditors' thereon, with the company's accounts for the year ended 31st March 2009.

The audited accounts of the subsidiary companies, (1) Integral Investments Limited (2) English Tools and Castings Limited and (3) PT Pricol Surya, Indonesia are not attached to the Balance Sheet of Pricol Limited.

As directed by the Central Government, the accounts of the subsidiaries are consolidated with the accounts of the company in accordance with Accounting Standard 1 (AS 21) prescribed under section 211(3C) of the Companies Act, 1956 and Listing Agreement prescribed

by Securities Exchange Board of India. The consolidated accounts duly audited by the statutory auditors form part of the annual report.

The annual accounts, reports and other documents of the subsidiary companies will be made available to the members and investors upon receipt of a request from them.

The annual accounts of the subsidiary companies will be available at the registered office of the company and at the respective subsidiary companies concerned. Any member or investor can inspect the same during the business hours of any working day.

The statement showing the particulars of technology absorption pursuant to section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the annexure forming part of this report.

As required by the provisions of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the annexure forming part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- a) in the preparation of annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed;
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- d) they had prepared the annual accounts for the financial year ended 31st March 2009, on a going concern basis.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd..)

CORPORATE GOVERNANCE

Your company reaffirms its commitment to the good corporate governance practices. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report is annexed to Directors' Report and Auditors' Certificate regarding compliance of the Corporate Governance is made a part of this Annual Report.

CAUTIONARY STATEMENT

Management Discussion and Analysis forming part of this Report is in compliance with Corporate Governance Standards incorporated in the listing agreement with Stock Exchanges and such statements may be "forward-looking" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's

operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

ACKNOWLEDGEMENTS

The Board wish to place on record their appreciation to Denso Corporation, Japan, Customers, Distributors, Dealers, Suppliers, Shareholders, Bankers and Other Collaborators for their continued support and co-operation during the year under review. The Directors wish to place on record their appreciation to the employees at all levels for their continued co-operation and commitment.

Coimbatore
29th May 2009

For and on behalf of the Board
Vijay Mohan
Chairman & Managing Director

ANNEXURES TO DIRECTORS' REPORT

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

TECHNOLOGY ABSORPTION

I. Research and Development (R & D)

(i) Specific areas of R & D

The Company has two R & D centres, which are approved by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India, New Delhi. Our R & D is engaged in several areas including:

- Designing and development of new products
- Value Engineering & cost effective alternates development
- Adopt new technology process and products
- Quality, design and feature improvements in existing products
- Identify appropriate new technology areas continuously
- Build domain expertise.

(ii) Benefits derived from R & D

- Meeting customer targets on time, cost & quality of new products
- Cost effectiveness in new products
- New technology process introduction
- Development of new features for the existing products
- Efforts on new products with latest technology
- Registration of patents & designs

(iii) Future plan of action

- Adopt more Value engineering ideas into products to make them more cost effective in order to meet the target costs.
- Work closely with customers to understand the requirements in terms of features and reliability and be a solution provider.
- Co-ordinate with Educational Institutions & Government Organisations to develop and absorb indigenous technology.
- Improve the existing IPR base to higher levels.
- Focus on export products.

Expenditure on R & D :	2008-09
	(Rs. Million)
Capital	33.526
Recurring	194.205
Total	227.731
R & D expenditure as a percentage of sales	3.71%

II. Technology Absorption, Adaptation and Innovation

Imported Technology

The technology imported during the year 2006-07 from Magneti Marelli Sistemi Elettronici S.P.A., Italy for manufacture of Instrument Cluster for Renault - Mahindra's Logan Model Car has been fully absorbed. Supplies have commenced from April 2007. Pricol is supplying to Domestic Market requirement and South Africa Market for Logan Model.

ANNEXURES TO DIRECTORS' REPORT (Contd..)

The Technology imported during the year 2007-08 from Garant GmbH, Germany for the manufacture of New Design Stepper Motor MS 800 has been fully absorbed. Assembly Line has been established. The pilot lot production will commence in June 2009.

During the year 2008-09, the company has entered into a Technical Assistance Agreement with Mashad Powder Metallurgy Company, Iran to enhance its knowledge of manufacturing powder metal and powder forged components and to implement the same at its own In House Manufacturing Shop. The plan is to absorb the technology completely during 2009-10 and full implementation during 2010-11.

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Directors for the year ended 31st March, 2009.

Name & (Age)	Designation / Nature of Duties	Remuneration		Qualification & Experience (Years)	Date of Commencement of Employment	Last Employment
		Gross (Rs. Million)	Net			
Vijay Mohan (61)	Chairman & Managing Director General Management of affairs of the Company	2.824	1.570	Bachelor of Engineering (Mechanical) & Master of Management Science (36)	3rd April 1973	—
K. Udhaya Kumar (59)	President & Chief Operating Officer Head Manufacturing Operations	2.677	1.506	Bachelor of Engineering (Mechanical) (33)	12th February 1976	PSG Industrial Institute & Foundries, Coimbatore

- NOTE : 1. Mr. Vijay Mohan and Mrs. Vanitha Mohan are husband and wife. Mr. D. Sarath Chandran, Director is Mr. Vijay Mohan's brother. Mr. Vikram Mohan, Director is the eldest son of Mr. Vijay Mohan and Mrs. Vanitha Mohan. Mr. Vijay Mohan owns more than 2% of the equity shares of the company as on 31st March 2009.
2. Mr. K. Udhaya Kumar is not related to any other Director of the Company. He does not own more than 2% of the equity shares of the company as on 31st March 2009.
3. Mr. Vijay Mohan was appointed as Chairman & Managing Director for a period of 5 years (1st April, 2005 to 31st March, 2010). Mr. K. Udhaya Kumar was appointed as President & Chief Operating Officer for a period of 5 years (1st June, 2008 to 31st May, 2013).
4. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and superannuation fund.
5. Net remuneration is exclusive of Company's contribution to provident fund, gratuity fund, superannuation fund and tax deducted.

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance:

Company's Philosophy on Corporate Governance envisages striving for excellence in all its facets of its operations through socially and environmentally acceptable means. The Company wants to be a responsible corporate citizen and share the benefits with society and also will make its customers, employees, suppliers and shareholders feel proud of their association with the Company through highest level of transparency in its dealings.

2. Board of Directors:

The Board of Directors consists of 12 directors. The Company is being managed and controlled by the Board of Directors. More than 50% of the Board is comprised of independent Directors. The members of the Board are well-experienced professionals and industrialists. The day-to-day management affairs is managed by the Chairman & Managing Director subject to the supervision, control and direction of the Board of Directors and is assisted by the Executive Director and the President & Chief Operating Officer.

a. Composition and category of Directors and attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various Companies:

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Companies			No. of Committee positions held in other Companies	
		Board Meeting	Last AGM	Public Company	Private Company	Foreign Company	Member	Chairman
Mr. Suresh Jagannathan	Non-Executive - Independent	4	—	3	2	—	2	—
Mr. C.R. Swaminathan	Non-Executive - Independent	5	—	1	3	—	—	—
Mr. D. Sarath Chandran	Non-Executive - Promoter	6	—	6	—	—	2	—
Mr. Mitsuharu Kato (From 31st July 2008)	Non-Executive - Independent	—	—	—	—	1	—	—
Mr. Yoshihiko Kato (Alternate Director to Mr. Mitsuharu Kato, from 31st July 2008)	Non-Executive - Independent	4	—	—	1	—	—	—
Mr. C.N. Srivatsan	Non-Executive - Independent	6	✓	3	1	—	2	—
Mr. V. Ramakrishnan	Non-Executive - Independent	4	—	—	—	4	—	—
Mr. R. Vidhya Shankar	Non-Executive - Independent	5	—	2	—	—	1	—
Mr. M. Lakshminarayan	Non-Executive - Independent	3	—	3	1	—	2	—
Mr. Vikram Mohan (From 29th May 2009)	Non-Executive - Promoter	—	—	9	1	—	—	—
Mr. K. Udhaya Kumar (President & Chief Operating Officer)	Executive	5	—	1	—	1	—	—
Mrs. Vanitha Mohan (Executive Director)	Executive - Promoter	6	✓	4	2	—	—	—
Mr. Vijay Mohan (Chairman & Managing Director)	Executive - Promoter	6	✓	11	1	—	2	—
Mr. Shinji Shirasaki (Upto 31st July 2008)	Non-Executive - Independent	—	—	—	—	3	—	—
Mr. Yuzuru Doi (Alternate Director to Mr. Shinji Shirasaki, upto 31st July 2008)	Non-Executive - Independent	—	—	2	1	—	—	—

REPORT ON CORPORATE GOVERNANCE (Contd..)

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Companies			No. of Committee positions held in other Companies	
		Board Meeting	Last AGM	Public Company	Private Company	Foreign Company	Member	Chairman
Dr. Kalyani Gandhi (Upto 28th January 2009)	Non-Executive - Independent	—	—	1	—	—	1	—
Mr. L. Lakshman (Upto 18th April 2009)	Non-Executive - Independent	5	—	11	—	—	5	5

Mr. D. Sarath Chandran, Mr. Vijay Mohan, Mrs. Vanitha Mohan and Mr. Vikram Mohan are relatives. Mr. D. Sarath Chandran is Mr. Vijay Mohan's brother, Mrs. Vanitha Mohan is Mr. Vijay Mohan's wife and Mr. Vikram Mohan is the eldest son of Mr. Vijay Mohan and Mrs. Vanitha Mohan. No other directors are relatives to each other.

b. No. of Board Meetings held and the dates on which held:

Number of Board meetings held	Six
Dates on which held	29th May 2008, 31st July 2008, 30th October 2008, 28th January 2009, 2nd March 2009 and 27th March 2009.

The maximum time gap between any two meetings was not more than four months.

Brief note on Directors seeking appointment / re-appointment at the ensuing AGM:

Mr. D. Sarath Chandran, 63 years of age, BSc Tech (Hons) (UK), MBA (USA), is a leading Industrialist. He is the Chairman & Managing Director of Precot Meridian Limited. He is also a Director in Super Spinning Mills Limited, Suprem Textiles Processing Limited, Vantex Limited, Multiflora Processing (Coimbatore) Limited and Precot Meridian Energy Limited. He is member of the Shareholders / Investors Relations Committee of the Company. He is also the member of Investor relations committee of Precot Meridian Limited and Super Spinning Mills Limited. He holds 45,000 shares of the Company.

Mr. V. Ramakrishnan, 54 years of age, holds a Bachelor of Engineering (BE) in Mechanical from College of Engineering, Guindy, Chennai, Master of Technology (M Tech) in Mechanical Engineering from IIT, Kanpur, Post Graduate Diploma in Business Management (PGDBM) in Finance and Marketing from Symbiosis Institute of Management, Pune and Diploma holder in Public Speaking. He had training in Sweden and Germany. He is a member of Singapore Institute of Directors, Singapore Institute of Management and Fellow of the Chartered Institute of Marketing, UK. He holds several copyrights in the areas of enterprise performance covering board governance, corporate performance using the balanced scorecard, personal scorecards, risk management, leadership development, brand management and work flow definition. He is a faculty on the management development program at the prestigious Lee Kuan Yew School of Public Policy. He is a Director in Organisation Development Pte. Ltd., Singapore, Governance Dashboard Pte. Ltd., Singapore, Change Partnership Singapore Pte. Ltd., Singapore and Board Performance Pte. Ltd., Singapore. He does not hold any shares of the Company.

Mr. Mitsuharu Kato, 62 years of age, Graduate, Tokyo Institute of Technology, is a nominee Director of Denso Corporation, Japan. He is the Senior Managing Director of Denso Corporation, Japan. He does not hold any shares of the Company.

Mr. Vikram Mohan, 34 years of age, holds a Bachelor Degree in Production Engineering with Honours from PSG College of Technology, Coimbatore, is an Industrialist. He is a promoter director and actively involved in the operations of Pricol Properties Limited, Pricol Packaging Limited, Pricol Travel Limited, Vascon Pricol Infrastructures Limited, M and M Enterprises (India) Limited, Priara Enterprises Limited, Prime Agri Solutions (India) Limited and Carcerano Pricoltech (India) Private Limited. He is an alternate director in English Tools and Castings Limited and Synoro Technologies Limited. His areas of specialisation are Finance, Human Resources and Business Strategy. He holds 3,363,960 shares of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd..)

3. Audit Committee:

a. Composition, name of members & chairperson, meetings and attendance during the year:

Name of the member	Category	Attendance
Mr. C.R. Swaminathan (Chairman from 24th October 2008)	Non-Executive - Independent	4
Mr. C.N. Srivatsan (Chairman upto 24th October 2008)	Non-Executive - Independent	4
Mr. R. Vidhya Shankar	Non-Executive - Independent	4
Mrs. Vanitha Mohan	Executive - Promoter	4

b. No. of Meetings held and the dates on which held:

Number of Audit Committee meetings held	Four
Dates on which held	27th May 2008, 26th July 2008, 24th October 2008 and 23rd January 2009.

c. Brief description of terms of reference:

- Reviewing the internal business process and profitability.
- Reviewing of statutory and regulatory audit in conformity with the requirements of Companies Act, SEBI regulations and Listing Agreement, in terms of Clause 49.

4. Remuneration Committee:

a. Composition, name of members & chairperson, meetings and attendance during the year:

Name of the member	Category	Attendance
Mr. C.N. Srivatsan (Chairman)	Non-Executive - Independent	1
Mr. C.R. Swaminathan	Non-Executive - Independent	1
Mr. R. Vidhya Shankar	Non-Executive - Independent	1

b. No. of Meetings held and the dates on which held :

Number of Remuneration Committee meetings held	One
Date on which held	27th May 2008

c. Brief description of terms of reference:

To determine and recommend to the Board the remuneration including commission, perquisites and allowance payable to the whole-time directors based on overall performance and financial results of the Company during the relevant financial year and in consonance with the existing industrial practice.

d. Remuneration to Directors:

Mr. Vijay Mohan was appointed as Chairman & Managing Director for a period of 5 years (1st April, 2005 to 31st March, 2010). He receives remuneration by way of salary and perquisites (Fixed Component), 1.50% commission on Net profit (Variable Component) and contribution to Provident Fund, Superannuation Fund or Annuity Fund as applicable to other employees. Gratuity payable shall not exceed 15 days salary for each completed year of service, as approved by the shareholders of the Company. In case of no profit or inadequacy of profit, the remuneration payable to Mr. Vijay Mohan, shall not exceed the limit specified in Sec.II of Part II of Schedule XIII to the Companies Act, 1956.

Mrs. Vanitha Mohan was appointed as Executive Director for a period of 5 years (1st April, 2007 to 31st March, 2012). She receives remuneration by way of Salary (Fixed Component), 0.75% Commission on Net Profit (Variable Component) and contribution to Provident Fund, Superannuation Fund or Annuity

REPORT ON CORPORATE GOVERNANCE (Contd..)

Fund as applicable to other employees. Gratuity payable shall not exceed 15 days salary for each completed year of service, as approved by the shareholders of the Company. In case of no profit or inadequacy of profit, the remuneration payable to Mrs. Vanitha Mohan, shall not exceed the limit specified in Sec.II of Part II of Schedule XIII to the Companies Act, 1956.

Mr. K. Udhaya Kumar was appointed as President & Chief Operating Officer for a period of 5 years (1st June, 2008 to 31st May, 2013). He receives remuneration by way of Salary & Perquisites (Fixed Component), 0.50% commission on Net Profit (Variable Component) and contribution to Provident Fund, Superannuation Fund or Annuity Fund as applicable to other employees. Gratuity payable shall not exceed 15 days salary for each completed year of service, as approved by the shareholders of the Company. In case of no profit or inadequacy of profit, the remuneration payable to Mr. K. Udhaya Kumar, shall not exceed the limit specified in Sec.II of Part II of Schedule XIII to the Companies Act, 1956.

It has been decided in the 35th Annual General Meeting to pay commission to Non-Whole time Directors not exceeding one percent of the Net profit of the Company per annum. The commission will be distributed broadly on the basis of Board Meetings and Committee Meetings attended by the Non-Whole time Directors.

- e. Details of remuneration paid / payable to all directors during the year ended 31st March 2009 are given below :

Rs. Million			
Name of the Director	Salary & Perquisites	Commission	Total
Mr. Suresh Jagannathan	NA	Nil	Nil
Mr. C.R. Swaminathan	NA	Nil	Nil
Mr. D. Sarath Chandran	NA	Nil	Nil
Mr. C.N. Srivatsan	NA	Nil	Nil
Mr. V. Ramakrishnan	NA	Nil	Nil
Mr. R. Vidhya Shankar	NA	Nil	Nil
Mr. M. Lakshminarayan	NA	Nil	Nil
Mr. Mitsuharu Kato	NA	Nil	Nil
Mr. Shinji Shirasaki	NA	Nil	Nil
Dr. Kalyani Gandhi	NA	Nil	Nil
Mr. L. Lakshman	NA	Nil	Nil
Mr. K. Udhaya Kumar (President & Chief Operating Officer)	2.295	Nil	2.295
Mrs. Vanitha Mohan (Executive Director)	0.870	Nil	0.870
Mr. Vijay Mohan (Chairman & Managing Director)	2.824	Nil	2.824

Due to inadequacy of profit for 2008-09, Mr. Vijay Mohan & Mr. K. Udhaya Kumar were paid Rs.0.200 million per month each and Mrs. Vanitha Mohan was paid Rs.0.055 million per month. Apart from the above, contribution to provident fund, gratuity fund and superannuation fund was paid. The said amount is within the limit specified in Sec.II of Part II of Schedule XIII to the Companies Act, 1956.

The Company does not have any Stock option scheme.

Shares of the company held by Non-Executive Directors : Mr. D. Sarath Chandran holds 45,000 shares, Mr. Suresh Jagannathan holds 26,985 shares, Mr. C.R. Swaminathan holds 1,995 shares and Mr. Vikram Mohan holds 3,363,960 shares.

There has been no materially relevant pecuniary transaction or relationship between the company and its Non-executive Directors during the year.

5. Shareholders / Investors Relations Committee:

The committee comprises of Mr. D. Sarath Chandran, Mr. Vijay Mohan, Mrs. Vanitha Mohan, Mr. C.R. Swaminathan, Mr. C.N. Srivatsan and Mr. R. Vidhya Shankar. During the year, 4 meetings were held. Mr. D. Sarath Chandran, Non-Executive Director chaired the committee meetings. Mr. T.G. Thamizhanban, Company Secretary, is the Compliance Officer.

REPORT ON CORPORATE GOVERNANCE (Contd..)

During the year, 32 letters were received from the investors regarding non-receipt of dividend warrants / annual reports / share certificates etc., and all of them were replied / resolved to their satisfaction. No transfer/ dematerialisation of shares is kept pending.

6. General Body meetings:

- a. Location and time, where last three Annual General Meetings held:

Year	Location	Date	Time
2006 34th AGM	Ardra Conferencing Centre, 9, North Huzur Road, Near Codissia Towers, Coimbatore - 18	4th August 2006	4.30 p.m.
2007 35th AGM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 37	3rd August 2007	4.30 p.m.
2008 36th AGM	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 37	8th August 2008	4.30 p.m.

- b. Whether any special resolutions passed in the previous 3 AGMs : Yes.

Year	Details of Special Resolution
2006 - 34th AGM	Nil
2007 - 35th AGM	Commission payable to Non-whole time Directors of the Company.
2008 - 36th AGM	Nil

- c. Whether special resolutions were put through postal ballot last year? If yes, details of voting pattern : No.
- d. Person who conducted the postal ballot exercise : Not Applicable.
- e. Whether any special resolution is proposed to be conducted through postal ballot : No.
- f. Procedure for postal ballot : Not applicable.

7. Disclosures:

- a. Sundry Debtors include a sum of Rs.503.742 million due from a related party, being a company in which 75% of the shareholding is being held by the Chairman and Managing Director of Pricol Limited and he is a Director of the said Company. The transactions were by way of purchase by the said Company. The Company had resorted to purchase by cash and also settling outstandings, but the pace at which the receivables were reducing was not satisfactory.

The Audit Committee, noting the high amount of receivables, reported to the Board and the Board constituted a Sub Committee of Independent Directors to review the dues and the payment plan submitted by the said Company. The Sub Committee tabled a detailed report, which was discussed by the Board at their meeting on 27th March 2009 and the Board proposed a payment schedule with a revolving Bank Guarantee to ensure payment and this has been accepted by the said company. The Board will closely monitor the progress in the recovery of the dues.

- b. The Company has not entered into any materially significant related party transactions that may have potential conflict with the interest of Company at large.
- c. Details of non compliance by company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during last 3 years – NIL
- d. The Company does not have any Whistle Blower Policy. However, no person has been denied access to the Audit Committee of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd..)

- e. The Company has complied the following non-mandatory requirement:

Remuneration Committee of the Board of Directors of the Company has been set up and the particulars of the Committee are given in this report itself.

The Company has not complied with any other non-mandatory requirement.

8. Means of communication:

- a. In which newspapers quarterly results are normally published. : The Hindu, Business Line, The New Indian Express & Dinamani.
- b. Any website where results or official news are displayed : www.sebidifar.nic.in, www.nseindia.com, www.bseindia.com & www.pricol.com
- c. Presentation made to Institutional Investors or to the analysts : Nil.
- d. Whether Management Discussion & Analysis is part of Annual Report or not : It is a part of Annual Report.

9. General Shareholder information:

- a. AGM : Date : 7th August 2009.
: Time : 4.30 p.m.
: Venue : Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.
- b. Financial Year : 1st April 2008 to 31st March 2009.
- c. Date of Book Closure : 25th July 2009 to 7th August 2009.
- d. Dividend Payment Date : Not applicable.
- e. Listing on Stock Exchanges : National Stock Exchange of India Limited and Bombay Stock Exchange Limited. (Annual listing fees for the year 2008-09 were paid by the company to the above Stock Exchanges).
- f. Stock Code : National Stock Exchange : PRICOL
Bombay Stock Exchange : 526109
- g. International Security Identification Number (ISIN) : INE605A01026
- h. **Stock Market Data :**

Month	National Stock Exchange				Bombay Stock Exchange			
	Price (Rs.)		CNX 500 (Points)		Price (Rs.)		BSE - 500 (Points)	
	High	Low	High	Low	High	Low	High	Low
April-08	24.45	17.10	4266.00	3738.40	24.25	20.00	6965.79	6024.18
May-08	23.40	19.70	4315.95	3917.25	23.50	19.65	7066.27	6427.23
June-08	21.65	17.10	3987.85	3191.45	21.45	17.40	6540.45	5199.65
July-08	20.00	16.00	3607.35	3017.20	19.00	16.15	5783.45	4862.30
August-08	18.00	16.00	3721.30	3370.25	17.50	16.10	5993.16	5424.47
September-08	16.85	12.30	3619.80	2914.60	16.95	12.50	5821.90	4650.37
October-08	14.55	8.00	3119.10	1796.90	14.40	8.00	5006.82	2899.28
November-08	10.20	6.00	2490.35	1955.30	10.00	6.55	3988.60	3097.91
December-08	9.25	6.65	2395.70	1971.35	9.00	6.78	3755.50	3103.47
January-09	9.75	7.05	2456.30	2061.15	9.75	7.40	3885.52	3190.15
February-09	8.30	6.40	2278.00	2059.45	8.20	6.40	3529.88	3155.42
March-09	7.55	5.85	2350.30	1953.30	7.40	5.75	3616.51	2961.26

REPORT ON CORPORATE GOVERNANCE (Contd..)

i. Registrar and Transfer Agents:

For Physical transfer and Dematerialisation of shares:

The company has appointed M/s. Integrated Enterprises (India) Limited, 2nd Floor, "KENCES" Towers, No.1, Ramakrishna street, North Usman Road, T.Nagar, Chennai - 600 017 as Common Transfer Agent for both physical and electronic transfer of company's shares.

j. Share Transfer System:

Certain directors and executives of the company are severally empowered to approve the transfers and dematerialisation. The Company co-ordinates with the Common Transfer Agent to ensure that the transfers and dematerialisation of shares are processed and completed within the stipulated time if the documents are complete in all respects. The Company obtains from M/s. S. Krishnamurthy & Co., Company Secretaries, Chennai half-yearly certificate of compliance with the share transfer formalities as required under clause 47(c) of the listing agreement with stock exchanges and files a copy of the certificate with the stock exchanges.

k. Shareholding pattern as on 31st March 2009:

Shares held by	No. of Shares	% to Total Paid-up capital
Promoters & Associates	32,243,465	35.83
Foreign Collaborator - DENSO Corporation, Japan	11,250,000	12.50
Non-Resident Indians	546,847	0.61
Foreign Institutional Investors	228,117	0.25
Banks / Indian Financial Institutions	147,150	0.16
Insurance Companies	494,716	0.55
Bodies Corporate	5,416,587	6.02
Mutual Funds	7,094,984	7.88
Public	32,578,134	36.20
Total	90,000,000	100.00

l. Distribution of Shareholding as on 31st March 2009:

Shareholding (Range)	No. of holders	% of holders	No. of shares	% of shares
Upto 500	20,634	69.02	4,285,565	4.76
501 to 1000	3,749	12.54	3,159,660	3.51
1001 to 2000	2,342	7.83	3,598,865	4.00
2001 to 3000	1,083	3.62	2,757,656	3.06
3001 to 4000	424	1.42	1,499,320	1.67
4001 to 5000	439	1.47	2,020,868	2.25
5001 to 10000	656	2.20	4,810,333	5.34
10001 and above	567	1.90	67,867,733	75.41
Total	29,894	100.00	90,000,000	100.00

m. Dematerialisation of shares and liquidity as on 31st March 2009:

Shares of the Company can be held and traded in Electronic form. SEBI has notified inclusion of our company's shares for compulsory demat trading by all the categories of the investors with effect from 28th August, 2000.

REPORT ON CORPORATE GOVERNANCE (Contd..)

Extent of Dematerialisation:

Name of the Depository	No. of shares	% to total paid-up capital
a. National Securities Depository Limited	44,325,577	49.25
b. Central Depository Services (India) Limited	5,580,426	6.20
Total	49,906,003	55.45

The company's shares are regularly traded on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

n. **Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity** : Nil

o. **Address for correspondence**

Pricol Limited,
Secretarial Department,
702/7, Avanashi Road, Coimbatore - 641 037, India.
Phone : 0422-4336238, Fax : 0422-4336299
E-mail : cs@pricol.co.in

Coimbatore
29th May 2009

For and on behalf of the Board
Vijay Mohan
Chairman & Managing Director

DECLARATION REGARDING COMPLIANCE OF COMPANY'S CODE OF CONDUCT

All the Board members and Senior Management Personnel affirmed compliance with the code of conduct of the company for the financial year ended 31st March 2009.

Coimbatore
29th May 2009

Vijay Mohan
Chairman & Managing Director

COMPLIANCE CERTIFICATE FROM AUDITORS OF THE COMPANY

(Under Clause 49 of the Listing Agreement)

To the Members of **Pricol Limited**

We have examined the compliance of conditions of corporate governance by PRICOL LIMITED, for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Coimbatore
29th May 2009

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
Membership No.28328

TEN YEARS PERFORMANCE AT A GLANCE

OPERATING RESULTS

Rs. Million

Year ended 31st March	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net Sales & Service Charges										
— Domestic	1,791.05	2,258.87	2,273.91	2,635.61	3,295.05	3,891.32	4,217.01	4,809.48	4,803.69	4,765.51
— Export	221.96	274.94	187.22	348.38	409.24	598.36	599.87	1,024.35	1,260.94	1,375.25
Total Net Sales	2,013.01	2,533.81	2,461.13	2,983.99	3,704.29	4,489.68	4,816.88	5,833.83	6,064.63	6,140.76
Gross Surplus from Operation	400.19	466.23	430.00	542.71	785.61	890.31	778.13	954.17	763.11	339.59
Other Income	12.71	32.02	6.74	8.24	11.91	19.45	29.30	30.36	69.41	38.03
Depreciation (a)	128.42	151.83	171.97	188.83	205.47	218.90	256.60	295.92	327.19	364.91
Interest & Finance Charges (b)	96.81	120.71	134.77	105.13	80.02	68.33	121.87	180.48	287.00	395.51
Profit / (Loss) Before Tax (PBT) (c)	187.67	225.71	130.00	256.99	512.03	622.53	428.96	508.13	218.33	(382.80)
Tax Provision including										
Deferred Tax	50.00	63.00	39.50	105.00	176.00	210.00	125.87	146.00	27.50	(82.56)
Profit / (Loss) After Tax (PAT) (d)	137.67	162.71	90.50	151.99	336.03	412.53	303.09	362.13	190.83	(300.24)
Dividend (including Tax) (e)	26.64	26.45	21.00	40.61	60.92	102.62	102.62	105.30	63.18	—
Retained Profit / (Loss)	111.03	136.26	69.50	111.38	275.11	309.91	200.47	256.83	127.65	(300.24)
As at 31st March	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009

SOURCES OF FUNDS

Share Capital	60.00	60.00	60.00	60.00	60.00	90.00	90.00	90.00	90.00	90.00
Reserves & Surplus	801.87	938.13	924.94	899.20	918.96	1,163.81	1,394.06	1,650.89	1,778.54	1,478.30
Networkworth (f)	861.87	998.13	984.94	959.20	978.96	1,253.81	1,484.06	1,740.89	1,868.54	1,568.30
Deferred Tax Liability / (Asset)	—	—	87.19	110.19	103.19	93.19	87.19	67.19	37.19	(29.81)
Loan Funds (g)	822.66	1,156.93	1,128.70	1,194.32	1,152.34	1,558.71	2,334.16	2,979.65	3,250.60	3,090.05
Total Capital Employed (h)	1,684.53	2,155.06	2,200.83	2,263.71	2,234.49	2,905.71	3,905.41	4,787.73	5,156.33	4,628.54

APPLICATION OF FUNDS

Gross Fixed Assets	1,512.73	1,747.17	1,977.80	2,250.45	2,538.82	3,130.38	3,505.33	4,186.60	4,741.85	4,972.66
Depreciation	568.35	688.79	860.11	1,044.06	1,241.42	1,326.63	1,502.76	1,794.99	2,119.56	2,461.98
Net Fixed Assets	944.38	1,058.38	1,117.69	1,206.39	1,297.40	1,803.75	2,002.57	2,391.61	2,622.29	2,510.68
Investments	126.10	125.50	126.69	80.15	76.50	49.83	277.74	243.74	182.91	182.91
Net Current Assets	614.05	971.18	956.45	977.17	860.59	1,052.13	1,625.10	2,152.38	2,351.13	1,934.95
Net Assets Employed	1,684.53	2,155.06	2,200.83	2,263.71	2,234.49	2,905.71	3,905.41	4,787.73	5,156.33	4,628.54

PERFORMANCE INDICATORS

Equity shares (Nos. in Mn) (i)	6.00	6.00	6.00	6.00	6.00	@90.00	90.00	90.00	90.00	90.00
Earnings per share (EPS) (Rs.) (d/i)	22.95	27.12	15.08	25.33	56.01	#4.58	3.37	4.02	2.12	(3.34)
Dividend per share (Rs.)	4.00	4.00	3.50	6.00	9.00	1.00	1.00	1.00	0.60	—
Networkworth per share (NWPS) (Rs.) (f/i)	143.65	166.35	164.16	159.87	163.16	#13.93	16.49	19.34	20.76	17.43
Return on Average Networkworth (RONW) (%) *	17.07	17.50	9.13	15.64	34.68	36.95	22.14	22.46	10.57	(17.47)
Return on Average Capital Employed (ROCE) (%) **	18.32	18.04	12.16	16.22	26.32	26.88	16.17	15.84	10.16	0.26
Total Debt to Networkworth (g/f)	0.95	1.16	1.15	1.25	1.18	1.24	1.57	1.71	1.74	1.97
Interest Coverage Ratio (a+b+c)/b	4.27	4.13	3.24	5.24	9.97	13.32	6.63	5.46	2.90	0.95

@ Increase in the Equity shares is on account of Bonus issue in the ratio 1:2 and splitting of the equity shares from the face value of Rs.10/- per share to Re.1/- per share on 15th July 2004.

Earnings per Share and Networkworth Per Share have been calculated on the enhanced Equity Capital on account of the Bonus Issue and enhanced number of Equity Shares due to Stock Split.

* RONW = $\frac{[PAT / \{(Previous Year Networkworth + Current Year Networkworth) / 2\}] \times 100}{}$

** ROCE = $\frac{[(PBT + Interest) / \{(Previous Year Capital Employed + Current Year Capital Employed) / 2\}] \times 100}{}$

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Pricol Limited, Coimbatore, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies' (Auditor's Report) Order, 2003, and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- 1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 2) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- 3) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- 4) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- 5) On the basis of the written representation received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we

report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

- 6) In our opinion and to the best of our information, and according to the explanations given to us, the said financial statements, read together with the attached schedules and notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009; and
 - b) In the case of the Profit and Loss Account, of the loss for the year ended on that date, and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Coimbatore
29th May 2009

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
Membership No.28328

Annexure to Auditor's Report

- 1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of business. The frequency of verification is reasonable and discrepancies noticed on such physical verification were not material and have been properly dealt within books of account.
 - c) There is no disposal of substantial part of fixed assets during the year.
- 2) a) The inventories have been physically verified by the management during the year at reasonable intervals, except materials lying with third parties where confirmations have been sought.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS (Contd..)

- b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material and have been appropriately dealt with.
- 3) a) During the year the company has granted unsecured loan of Rs.22 million to a wholly owned subsidiary company.
- b) The terms and conditions in respect of loans granted during the year and those already granted by the company, secured or unsecured, are in our opinion, prima facie not prejudicial to the interest of the company.
- c) During the year the company has not taken loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- 4) There are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. There is no major weakness in the internal control system.
- 5) a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding rupees five lakh each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
- 6) During the year the company has not accepted deposits from public. The company has complied with the directives issued by Reserve Bank of India and the provisions of Section 58A, 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 or any other relevant provisions of the Act.
- 7) The Company has an adequate Internal Audit system commensurate with its size and nature of its business.
- 8) We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been maintained.
- 9) a) According to the information and explanations given to us and the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and Other Statutory dues. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2009 for a period of more than six months from the date they became payable.
- b) There are disputed statutory dues. The details are as under:-

Sl. No.	Name of the Statute	Period to which the amount relates	Nature of the Dues	Amount disputed Rs. Million	Amount paid Rs. Million	Forum where dispute is pending
1.	Central Excise Act / Service Tax	1990-2007	i) Excise Duty	23.131	Nil	Supreme Court
			ii) Excise Duty	15.542	Nil	High Court
			iii) Excise Duty	1.095	Nil	CESTAT Tribunal
			iv) Service Tax	8.731	Nil	CESTAT Tribunal
			v) Service Tax	31.191	Nil	Commissioner (Appeals)
2.	Sales Tax Act	1995-1997	i) Sales Tax	13.325	Nil	Interim stay granted by High Court
			ii) Penalty	19.988	Nil	

REPORT OF THE AUDITORS TO THE SHAREHOLDERS (Contd..)

- 10) The accumulated losses as at 31st March 2009 are less than fifty percent of the networth of the company. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- 11) The Company has not defaulted in repayment of its dues to financial institution, banks and debenture holders.
- 12) During the year, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) The provisions of Special Statutes applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
- 14) The Company is not dealing or trading in shares, securities, debentures or other investments.
- 15) According to the information and explanations given to us, the Company has given guarantee for loans taken by an overseas wholly owned subsidiary from a bank and the terms & conditions are not prejudicial to the interest of the company.
- 16) The Company has applied term loans for the purposes for which they were obtained.
- 17) According to the information and explanations given to us and on an overall examination of the Source and Application of the Funds of the company, we report that no funds raised on short term basis have been used for long term investments by the company.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) During the year, the Company has not issued Debentures.
- 20) During the year, the Company has not raised money by Public issue.
- 21) According to the information and explanation given to us and the books and records examined by us, there are no frauds on or by the Company that has been noticed or reported during the year.

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
Membership No.28328

Coimbatore
29th May 2009

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

The financial statements have been prepared under Historical Cost Convention on the basis of going concern and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, wherever applicable.

33.33%. Depreciation for Plant & Machinery has been provided on three shift basis.

(ii) Intangible assets are amortised as follows:

- i) Specialised software : Over a period of 4 years.
- ii) Fees for technical know-how : Over a period of 4 years.

2. Fixed Assets & Depreciation:

a) Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, accumulated amortisation and cumulative impairment. Costs include pre-operative expenses and all expenses related to acquisition and installation of the assets concerned.

d) As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine;

b) Own manufactured assets are capitalised at cost including an appropriate share of overheads.

i) the provision for impairment loss, if any, required or;

c) (i) Depreciation has been provided under the Straight Line Method as per Schedule XIV to the Companies Act, 1956 except for Dies, Tools and Moulds, which are depreciated at

ii) the reversal, if any, required of impairment loss recognised in previous periods.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3. Investments:

- a) Long Term Investments are stated at cost.
- b) Current Investments are carried at lower of cost and fair value as on the Balance Sheet date.
- c) Provisions for diminution in value of long term investments is made, if the diminution is other than temporary.

4. Valuation of Inventories:

- a) Inventories are valued at lower of cost and estimated net realisable value. Cost is arrived at on weighted average basis.
- b) Excise Duty is added in the Closing Inventory of Finished Goods.
- c) The basis of determining cost for various categories of inventories are as follows:
 - i) Raw Materials, Packing : Weighted Average Materials and Stores & spares basis.
 - ii) Finished Goods and Work-In-Progress : Cost of Direct Material, Labour and other Manufacturing overheads.

5. Revenue Recognition:

- a) The company generally follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- b) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods.
- c) Dividend Income is recognised when the right to receive the dividend is unconditional at the Balance Sheet date.
- d) Claims made by the company and those made on the company are recognised in the profit and loss account as and when the claims are accepted.

6. Foreign Currency Transactions:

- a) Foreign currency transactions are recorded at exchange rates prevailing on the date of such transaction.
- b) Foreign currency assets and liabilities at the year end are realigned at the exchange rate prevailing at the year end and difference on realignment is recognised in the Profit & Loss account.
- c) Premium / discount in respect of Forward Contract is amortised as expense / income over the period of contract. Exchange difference arising on forward contracts between the exchange rate on the date of the transaction and the exchange rate prevailing at the year end is recognised in the Profit and Loss account.

7. Research and Development:

Revenue expenditure on Research and Development is charged under respective heads of account. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

8. Employee Benefits:

- a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- b) Post employment and other long term benefits which are defined benefit plans are recognised as an expense in the Profit and Loss Account for the year in which the employee has rendered service. The expense is recognised based on the present value of the obligation determined in accordance with Revised Accounting Standard 15 on "Employee Benefits". Actuarial gains & losses are charged to the Profit and Loss Account.
- c) Payments to defined contribution schemes are charged as expense as and when incurred.
- d) Termination benefits are recognised as an expense as and when incurred.

9. Borrowing Costs:

- a) Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. All other borrowing costs are charged to revenue.
- b) A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale.

10. Taxes on Income:

- a) Current tax on income for the period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessment / appeals.
- b) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- c) Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realised.

11. Accounting Standards:

Accounting Standards as prescribed under section 211(3C) of the Companies Act, 1956 have been followed wherever applicable.

STATEMENT IN PURSUANCE OF SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary Company	Integral Investments Limited	English Tools and Castings Limited	PT Pricol Surya, Indonesia
2. Financial year of the Subsidiary ended on	31st March 2009	31st March 2009	31st March 2009
3. Holding Company's interest in the Subsidiary	2,250,000 Equity Shares of Rs.10/- each (100%)	7,933,700 Equity Shares of Rs.10/- each (100%)	1,500 Equity Shares of USD 1,000 each (100%)
4. Net aggregate amount of the Profit / (Loss) of the Subsidiary not dealt within the Holding Company's Accounts			
a) For the current financial year of the Subsidiary Company	Rs.0.092 Mn	(Rs.32.882 Mn)	(Rs.38.373 Mn) (Indonesian Rupiah 8.784.238.643)
b) For the previous financial years of the Subsidiary Company	(Rs.4.558 Mn)	Rs.10.133 Mn	(Rs.35.811 Mn) (Indonesian Rupiah 8.138.830.403)
5. Net aggregate amount of the Profit / (Loss) of the Subsidiary dealt within the Holding Company's Accounts			
a) For the current financial year of the Subsidiary Company	Nil	Nil	Nil
b) For the previous financial years of the Subsidiary Company	Rs.1.294 Mn	Nil	Nil

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

BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	31-3-2009 Rs. Million	31-3-2008 Rs. Million
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	90.000	90.000
Reserves & Surplus	II	1,478.297	1,778.544
		<u>1,568.297</u>	<u>1,868.544</u>
Loan Funds			
Secured Loans	III	2,969.165	2,922.624
Unsecured Loans	IV	120.880	327.971
		<u>3,090.045</u>	<u>3,250.595</u>
Total		<u>4,658.342</u>	<u>5,119.139</u>
APPLICATION OF FUNDS			
Fixed Assets			
a. Gross Block	V	4,940.870	4,548.248
b. Less : Accumulated Depreciation		2,461.980	2,119.559
c. Net Block		2,478.890	2,428.689
d. Capital Work-in-progress		31.788	193.604
		<u>2,510.678</u>	<u>2,622.293</u>
Investments	VI	182.907	182.907
Deferred Tax Asset / (Liability)		29.810	(37.190)
Current Assets, Loans and Advances			
a. Inventories	VII	1,375.652	1,737.209
b. Sundry Debtors		1,539.036	1,549.709
c. Cash and Bank Balances		39.260	54.175
d. Loans and Advances		710.141	754.644
(A)		<u>3,664.089</u>	<u>4,095.737</u>
Less : Current Liabilities & Provisions			
a. Liabilities	VIII	1,385.032	1,321.765
b. Provisions		344.110	422.843
(B)		<u>1,729.142</u>	<u>1,744.608</u>
Net Current Assets	(A-B)	1,934.947	2,351.129
Debit Balance in Profit & Loss Account	IX	—	—
Total		<u>4,658.342</u>	<u>5,119.139</u>

Schedule I to IX, Significant Accounting Policies and the Notes on Accounts form part of this Balance Sheet.

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule	2008-09 Rs. Million	2007-08 Rs. Million
INCOME			
Net Sales & Services - Domestic		4,765.512	4,803.689
- Export		1,375.254	1,260.936
Total Sales	X	6,140.766	6,064.625
Increase / (Decrease) in Stock of Finished Goods	XI	(92.100)	238.739
Cost of In-house manufactured Machines & Toolings Capitalised		119.592	129.430
Production Value		6,168.258	6,432.794
EXPENDITURE			
Raw Materials & Components Consumed	XII	4,074.384	3,903.226
Employees' Cost		864.395	896.636
Power & Utilities		163.639	148.012
Stores & Spares Consumed		44.374	66.104
Repairs & Maintenance		110.482	136.811
Other Expenditure		571.398	518.893
Total Expenditure		5,828.672	5,669.682
Profit Before Interest, Depreciation & Other Income		339.586	763.112
Add : Other Income	XIII	38.027	69.407
Less : Interest & Finance Charges	XIV	395.505	287.003
: Depreciation		364.911	327.190
Profit / (Loss) Before Tax		(382.803)	218.326
Less : Provision for Current Tax		—	50.000
: Provision for Fringe Benefit Tax		6.600	7.500
: Provision for Deferred Tax (Asset)		(67.000)	(30.000)
Add : Tax provision for earlier years no longer required written back		22.156	—
Profit / (Loss) After Tax		(300.247)	190.826
Add : Balance brought forward		184.635	256.986
Amount available for appropriation		(115.612)	447.812
APPROPRIATION			
Dividend - Nil (Previous year - Re.0.60 per share of Re.1/- face value)		—	54.000
Tax on Dividend @ 16.995%		—	9.177
General Reserve		—	200.000
Surplus / (Deficit) to be carried over		(115.612)	184.635
		(115.612)	447.812
Earnings per Share (Basic / Diluted) (in Rupees)			
(Face value of Re.1/-)	XV	(3.34)	2.12

Schedules X to XVI, Significant Accounting Policies and the Notes on Accounts form part of this Profit & Loss Account

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

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-3-2009 Rs. Million	31-3-2008 Rs. Million
Schedule I - SHARE CAPITAL		
Authorised		
100,000,000 Equity Shares of Re.1/- each	100.000	100.000
Issued, Subscribed and Paid-up		
90,000,000 Equity Shares of Re.1/- each (Of the above 37,500,000 Equity Shares of Re.1/- each have been issued as fully paid-up Bonus Shares by capitalisation of Reserves).	90.000	90.000
Schedule II - RESERVES & SURPLUS		
Share Premium Account	181.000	181.000
General Reserve		
As per last Balance Sheet	1,412.909	1,212.909
Add : Transfer from Profit & Loss Account	—	200.000
	1,412.909	1,412.909
Less : Debit Balance in Profit & Loss Account adjusted as per contra	115.612	—
	1,297.297	1,412.909
Surplus		
Balance in Profit & Loss Account	—	184.635
	1,478.297	1,778.544
Schedule III - SECURED LOANS		
a. Term Loans from Banks :		
- In Rupee	1,878.714	1,447.034
- In Foreign Currency	284.164	486.332
b. Working Capital Facilities from Banks :		
- In Rupee	646.241	290.000
- In Foreign Currency	160.046	699.258
	2,969.165	2,922.624
Schedule IV - UNSECURED LOANS		
Loan from Banks	120.880	327.971
	120.880	327.971

SCHEDULES (Contd.,)

Schedule V - FIXED ASSETS

(Rs. Million)

	Gross Block			Balance as on 31-3-2009	Upto 31-3-2008	Depreciation			Net Block	
	Cost as on 1-4-2008	Additions during 2008-09	Sales/Transfer during 2008-09			For 2008-09	Withdrawn during 2008-09	Total upto 31-3-2009	Written down as on 31-3-2009	Value as on 31-3-2008
Tangible Assets										
Land	108.124	2.264	—	110.388	—	—	—	—	110.388	108.124
Buildings	993.022	136.364	—	1,129.386	167.293	36.725	—	204.018	925.368	825.729
Plant & Machinery	3,106.152	236.607	28.141	3,314.618	1,758.411	296.667	20.296	2,034.782	1,279.836	1,347.741
Furniture, Fittings & Equipments	50.755	2.350	—	53.105	20.952	2.706	—	23.658	29.447	29.803
Vehicles	109.160	3.869	9.597	103.432	26.097	9.477	2.194	33.380	70.052	83.063
Total Tangible Assets	4,367.213	381.454	37.738	4,710.929	1,972.753	345.575	22.490	2,295.838	2,415.091	2,394.460
Intangible Assets										
Computer Software	56.989	23.613	—	80.602	36.069	12.001	—	48.070	32.532	20.920
Technical Knowhow	124.046	25.293	—	149.339	110.737	7.335	—	118.072	31.267	13.309
Total Intangible Assets	181.035	48.906	—	229.941	146.806	19.336	—	166.142	63.799	34.229
Sub-Total	4,548.248	430.360	37.738	4,940.870	2,119.559	364.911	22.490	2,461.980	2,478.890	2,428.689
Capital Work-in-progress	193.604	31.788	193.604	31.788	—	—	—	—	31.788	193.604
Total Assets				4,972.658				2,461.980	2,510.678	2,622.293

Note : Additions to Fixed Assets includes Research & Development Capital expenditure of Rs.33.526 Mn.
(Previous year 2007-08 - Rs.54.513 Mn)

31-3-2009
Rs. Million

31-3-2008
Rs. Million

Schedule VI - INVESTMENTS

LONG TERM INVESTMENTS (at Cost)

1. Shares in Subsidiary Company - Non Trade - Unquoted :

2,250,000 Equity Shares of Rs.10/- each fully paid-up in Integral Investments Limited 22.500 22.500

2. Shares in Subsidiary Company - Trade - Unquoted :

a) 7,933,700 Equity Shares of Rs.10/- each fully paid-up in English Tools and Castings Limited 92.500 92.500

b) 1,500 Equity Shares of USD 1,000 each fully paid-up in PT Pricol Surya, Indonesia. 67.907 67.907

Aggregate Cost of Un-Quoted Investments (long term) **182.907** **182.907**



Regd. Office : 702/7, Avanashi Road, Coimbatore - 641 037, India.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the Shareholders of the Company will be held on Friday, 7th August, 2009 at 4.30 p.m. at Nani Palkhivala Auditorium, Mani Higher Secondary School, Coimbatore - 641 037, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended 31st March 2009 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. D. Sarath Chandran who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Mitsuharu Kato who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. V. Ramakrishnan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Vikram Mohan who was appointed as an additional director of the Company with effect from 29th May 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956, and holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies

Act, 1956, in writing proposing his candidature to the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation."

EXPLANATORY STATEMENT

(Pursuant to Section 173 of the Companies Act, 1956)

Item No.6:

Mr. Vikram Mohan, 34 years of age, holds a Bachelor Degree in Production Engineering with Honours from PSG College of Technology, Coimbatore. He is an Industrialist and the eldest son of Mr. Vijay Mohan, Chairman & Managing Director and Mrs. Vanitha Mohan, Executive Director.

He is a promoter director and actively involved in the operations of Pricol Properties Limited, Pricol Packaging Limited, Pricol Travel Limited, Vascon Pricol Infrastructures Limited, M and M Enterprises (India) Limited, Priara Enterprises Limited, Prime Agri Solutions (India) Limited and Carcerano Pricoltech (India) Private Limited. He is an alternate director in English Tools and Castings Limited and Synoro Technologies Limited. His areas of specialisation are Finance, Human Resources and Business Strategy. He holds 3,363,960 shares of the Company.

The Board commends the resolution set out at Item No.6 of the Notice for your approval.

None of the Directors except Mr. Vijay Mohan, Mrs. Vanitha Mohan, Mr. D. Sarath Chandran and Mr. Vikram Mohan is in any way concerned or interested in this resolution.

By order of the Board
Coimbatore
29th May 2009. Vijay Mohan
Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON HIS BEHALF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Brief resume of the directors seeking appointment / reappointment and other details as stipulated under clause 49 of the listing agreement are provided in the Report on Corporate Governance forming part of Annual Report 2009.
3. Instruments of Proxy for use at the above meeting must be lodged at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.
4. The Register of Members and Transfer Books of the Company will be closed from 25th July 2009 to 7th August 2009 (both days inclusive), for the purpose of Annual General Meeting.
5. Please quote your Folio Number and our Company's Name in all your correspondence with Integrated Enterprises (India) Limited, 1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017 who are acting as our Registrar & Share Transfer Agents.
6. Members who are holding shares in physical form are requested to intimate immediately their change of address / change of bank account, if any, to the Company / Registrar & Share Transfer Agent quoting reference of the Registered Folio Number.
7. Members who are holding shares in Electronic Form are requested to intimate immediately their change of address / change of bank account, if any, to their respective Depository Participant.
8. If you have shares registered in the same name or in the same order of names but in several Folios, please let us know so that we may consolidate them into one Folio.
9. You may now avail of the facility of nomination by nominating, in the prescribed form, a person to whom your shares in the Company shall vest in the event of death. Interested members may write to the Company / Registrar & Share Transfer Agent for the prescribed form.
10. Please note that dividends remaining unclaimed for seven years are now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government and you shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter.





pricol limited

Regd. Office : 702/7, Avanashi Road, Coimbatore. - 641 037, India

ATTENDANCE SLIP

PLEASE COMPLETE THIS SLIP AND HANDOVER AT THE ENTRANCE OF THE MEETING HALL

Name & Address of Member

Regd. Folio No. / Client ID.....

I hereby register my presence at the **37th Annual General Meeting** of the Company held on **Friday, the 7th August, 2009 at 4.30 p.m.** at **Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore – 641 037.**

* Please indicate whether Member / Proxy

Signature of Member / Proxy*

pricol limited

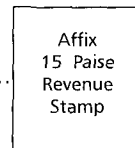
Regd. Office: 702/7, Avanashi Road, Coimbatore - 641 037, India

PROXY FORM

Regd. Folio No. / Client ID	
No. of shares	

I / We _____ of _____ being a member / members of Pricol Limited hereby appoint _____ of _____ or falling him _____ of _____ as my / our proxy to vote for me / us on my / our behalf at the 37th Annual General Meeting of the Company to be held on Friday, 7th August, 2009 at 4.30 p.m. or at any adjournment thereof.

Signature



Signed this _____ day of _____ 2009

Notes :1. The Proxy, to be effective, should be deposited at the Registered Office of the Company at No:702/7, Avanashi Road, Coimbatore – 641 037 not later than FORTY-EIGHT hours before the commencement of aforesaid meeting.

2. A Proxy need not be a member of the Company.

SCHEDULES (Contd.,)

	31-3-2009 Rs. Million	31-3-2008 Rs. Million
Schedule VII - CURRENT ASSETS, LOANS AND ADVANCES		
a. Inventories : (At lower of cost and net realisable value)		
Stock of Stores & Spares	36.048	28.616
Raw Materials & Components	843.756	1,050.563
Materials in Transit	0.577	13.294
Work-in-progress	162.018	219.940
Finished Goods	224.544	316.644
Land - Stock in Trade	108.709	108.152
	<u>1,375.652</u>	<u>1,737.209</u>
b. Sundry Debtors :		
Unsecured Considered Good		
a) Outstanding for a period exceeding six months	571.228	297.424
b) Others	967.808	1,252.285
	<u>1,539.036</u>	<u>1,549.709</u>
Unsecured Considered Doubtful	37.544	27.213
Less : Provision for Doubtful Debts	37.544	27.213
	<u>1,539.036</u>	<u>1,549.709</u>
c. Cash & Bank Balances :		
Cash on hand	0.445	0.362
Balances with Scheduled Banks		
In Current Account	28.537	40.596
In Unclaimed Dividend Account	4.741	4.894
In Margin Money Account / Fixed Deposits	5.537	8.323
	<u>39.260</u>	<u>54.175</u>
d. Loans and Advances :		
Advances Recoverable in cash or in kind or for value to be received		
Unsecured considered good (Loan due from subsidiary company - Rs.22 Mn, Previous year - Nil)	62.490	74.671
Unsecured considered doubtful	3.607	3.607
Less : Provision for Doubtful Advances	3.607	3.607
	<u>62.490</u>	<u>74.671</u>
Deposits	31.285	30.715
Balances with Government Authorities	222.214	262.372
Prepaid expenses	17.302	7.119
Tax payments pending adjustment	376.850	379.767
	<u>710.141</u>	<u>754.644</u>
	<u>3,664.089</u>	<u>4,095.737</u>

SCHEDULES (Contd.,)

	31-3-2009 Rs. Million	31-3-2008 Rs. Million
Schedule VIII - CURRENT LIABILITIES AND PROVISIONS		
a. Liabilities :		
Sundry Creditors (Due to Micro, Small and Medium Enterprises - Rs.1.052 Mn., Previous year - Nil) (Due to Subsidiary companies - Rs.3.505 Mn, Previous year - Rs.6.257 Mn)	1,362.814	1,288.469
Interest accrued but not due on loans	15.008	22.523
Due to Directors	2.123	5.279
Investor Education and Protection Fund - not due :		
Unclaimed Dividend	4.741	4.894
Unclaimed Deposits including interest	0.346	0.600
	<u>5.087</u>	<u>5.494</u>
	1,385.032	1,321.765
b. Provisions :		
For Current Taxation	315.140	337.296
For Fringe Benefit Tax	28.970	22.370
For Dividend	—	54.000
For Tax on Dividend	—	9.177
	<u>344.110</u>	<u>422.843</u>
	<u>1,729.142</u>	<u>1,744.608</u>

Schedule IX - DEBIT BALANCE IN PROFIT & LOSS ACCOUNT

As per the Profit & Loss Account	115.612	—
Less : Adjusted against General Reserve as per contra	115.612	—
	<u>—</u>	<u>—</u>

Schedule X - INCOME

	2008-09 Rs. Million	2007-08 Rs. Million
Sales & Service Charges		
Domestic Sales & Service Charges		
Sale of Finished Products (Incl. of excise duty and sales tax)	5,651.021	5,925.955
Service Charges	38.059	41.666
Sale of Wind Power	6.750	6.462
	<u>5,695.830</u>	<u>5,974.083</u>
Less : Excise Duty	648.119	904.332
Sales Tax	262.409	248.682
Discount & Commission on Domestic Sales	19.790	17.380
	<u>4,765.512</u>	<u>4,803.689</u>
Export Sales		
Sale of Finished Products (Incl. of excise duty)	1,520.103	1,310.630
Less : Excise Duty	139.313	44.521
Commission on Export Sales	5.536	5.173
	<u>1,375.254</u>	<u>1,260.936</u>
	<u>6,140.766</u>	<u>6,064.625</u>

SCHEDULES (Contd.,)

	2008-09 Rs. Million	2007-08 Rs. Million
Schedule XI - Increase / (Decrease) in Stock of Finished Goods		
Stock at Closing	224.544	316.644
Less : Stock at Opening	316.644	77.905
	<u>(92.100)</u>	<u>238.739</u>

Schedule XII - EXPENDITURE

RAW MATERIALS & COMPONENTS CONSUMED

Opening Stock

a) Raw Materials & Components	1,063.857	689.380
b) Work-in-Progress	219.940	98.498
	<u>1,283.797</u>	<u>787.878</u>
Add : Purchases	3,927.938	4,474.443
	<u>5,211.735</u>	<u>5,262.321</u>

Less : Closing Stock

a) Raw Materials & Components	844.333	1,063.857
b) Work-in-Progress	162.018	219.940
	<u>1,006.351</u>	<u>1,283.797</u>
	<u>4,205.384</u>	<u>3,978.524</u>
Less : Sale of Raw Materials & Scrap	182.939	164.356
Add : Direct Expenses	51.939	89.058
	<u>4,074.384</u>	<u>3,903.226</u>

Includes materials consumed for In-house Manufacture of Machines & Toolings of Rs.70.680 Mn for 2008-09 (Rs.110.830 Mn for 2007-08)

EMPLOYEES' COST

a) Pay, Allowances, Performance Reward & Bonus	728.324	751.334
b) Company's Contribution to Provident, Superannuation and Gratuity Funds	45.105	50.811
c) Welfare Expenses	90.966	94.491
	<u>864.395</u>	<u>896.636</u>

REPAIRS AND MAINTENANCE

Machinery	83.293	90.111
Building	15.751	30.107
Others	11.438	16.593
	<u>110.482</u>	<u>136.811</u>

SCHEDULES (Contd.,)

	2008-09 Rs. Million	2007-08 Rs. Million
Schedule XII - EXPENDITURE (Contd..)		
OTHER EXPENDITURE		
Printing & Stationery	13.557	12.710
Postage, Telegram and Telephone	14.047	15.170
Rent	8.648	8.053
Rates, Taxes & Licence	(5.176)	54.046
Insurance	7.892	9.786
Bank Charges	12.559	8.785
Travelling & Conveyance	77.143	101.322
Freight & Forwarding	194.074	191.387
Advertisement, Publicity & Sales Promotion	5.561	24.226
Royalty	44.216	53.093
Bad Debts written off	0.739	10.375
Provision for doubtful debts (Net)	5.261	(7.317)
Commission to Non-Whole Time Directors	—	2.190
Auditor's Remuneration	1.691	1.375
Professional Charges, Books and Periodicals	42.558	47.318
Net Foreign Exchange (Gain) / Loss	148.053	(22.715)
Miscellaneous Expenses	4.824	7.258
Donations	—	0.625
(Profit) / Loss on Sale of Assets (Net)	(4.249)	1.206
	<u>571.398</u>	<u>518.893</u>
Schedule XIII - OTHER INCOME		
Interest Received	11.816	17.886
Income from Mutual Funds	0.271	16.185
Rent Received	3.139	4.089
Trading Income	4.560	2.717
Sundry Income	0.456	16.263
Export Incentives	17.785	12.267
	<u>38.027</u>	<u>69.407</u>
Schedule XIV - INTEREST & FINANCE CHARGES		
Interest on Fixed Loans	200.131	97.127
Interest on Other Loans	184.120	178.040
Finance Charges	11.254	11.836
	<u>395.505</u>	<u>287.003</u>
Schedule XV - EARNINGS PER SHARE (Basic / Diluted)		
a. Profit / (Loss) After Tax	(300.247)	190.826
b. Equity Share of Re.1/- each (Nos. in Mn)	90.000	90.000
c. Earnings per Share (a/b) (in Rs.)	(3.34)	2.12
Schedule XVI - RESEARCH & DEVELOPMENT EXPENDITURE		
Capital	33.526	54.513
Recurring	194.205	184.872
	<u>227.731</u>	<u>239.385</u>

Note : Research & Development expenses of Revenue nature have been classified under the relevant heads of accounts in the Schedule XII of the Profit & Loss Account and the main statement of Profit & Loss Account and the expenditure of Capital nature is grouped under fixed assets.

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 :	As at 31-03-2009	As at 31-3-2008
Depreciation	(2.204)	(107.168)
Add : Deferred Tax Asset on account of :		
Tax, Duties, Cess etc.	32.014	69.978
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	24.628	4.886
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	163.725	188.744
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 :				
<u>CIF Value of Imports :</u>				
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>	
<u>Other Payments :</u>				
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	460.828	476.709

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	41.063	—	8.440	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.

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	5.989	8.941

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 Nos.	As at 1-4-2007 Nos.	As at 31-3-2009 Nos.	As at 31-3-2008 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 Nos.	31-3-2008 Nos.	2008-09 Nos.	2007-08 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
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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

Vanitha Mohan
Executive Director

P. Ravi
General Manager
Finance & Secretarial

D. Sarath Chandran
Director
T.G. Thamizhanban
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	2008-09 Rs. Million	2007-08 Rs. Million
A. Cash flow from operating activities:		
Net Profit / (Loss) Before Tax	(382.803)	218.326
Adjustments for :		
Depreciation	364.911	327.190
Bad debts written off	0.739	10.375
Provision for doubtful debts (Net)	5.261	(7.317)
(Profit) / Loss on sale of assets	(4.249)	1.206
Exchange Fluctuation (Gain) / Loss on Re-statement	43.125	(11.016)
Interest received	(11.816)	(17.886)
Interest & Finance charges	395.505	287.003
Income from Mutual Funds	(0.271)	(16.185)
	<u>793.205</u>	<u>573.370</u>
Operating profit before working capital changes	410.402	791.696
Trade and other receivables	61.763	(132.827)
Inventories	361.557	(723.439)
Trade and other payables	76.670	552.817
	<u>499.990</u>	<u>(303.449)</u>
Cash generated from operations	910.392	488.247
Direct taxes (paid) / refunds	2.917	(78.850)
Net cash from operating activities	913.309	409.397
B. Cash flow from investing activities:		
Purchase of fixed assets	(268.544)	(663.262)
Sale of fixed assets	19.497	4.102
Interest received	11.816	17.886
Sale of Mutual Fund Investments	0.271	77.020
Net cash used in investing activities	(236.960)	(564.254)
C. Cash flow from financing activities:		
Long term borrowings	166.330	611.059
Unsecured Loans & Deposits	(207.345)	(730.173)
Working Capital borrowings	(183.899)	399.719
Dividend & Tax on dividend paid	(63.330)	(104.499)
Interest & Finance charges paid	(403.020)	(276.058)
Net cash used in financing activities	(691.264)	(99.952)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	(14.915)	(254.809)
Cash and cash equivalents as at 1.4.2008 and 1.4.2007 (Opening balance)	54.175	308.984
Cash and cash equivalents as at 31.3.2009 and 31.3.2008 (Closing balance)	<u>39.260</u>	<u>54.175</u>

As per our report of date attached
For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
Membership No.28328
Coimbatore, 29th May 2009

Vijay Mohan
Chairman & Managing Director

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For and on behalf of the Board

P. Ravi
General Manager
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D. Sarath Chandran
Director

T.G. Thamizhanban
Company Secretary

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have examined the attached Consolidated Balance Sheet of Pricol Limited ("the Company") and its subsidiaries as at 31st March 2009 and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year ended on that date. These Consolidated financial statements are the responsibility of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of an associate and certain subsidiaries whose financial statements reflect total assets of Rs.495.737 million as at 31st March 2009 and total loss of Rs.71.525 million for the year ended on that date. Those financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of those associates and subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the

requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, Accounting Standard (AS) 23, Accounting for Investments in Associates in the Consolidated Financial statements, as prescribed under Section 211(3C) of the Companies Act, 1956 and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Company and its aforesaid subsidiaries, in our opinion the consolidated financial statements read together with the attached schedules and Note on consolidation and other Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March 2009;
- b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
Membership No.28328

Coimbatore
29th May 2009

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Principles of consolidation:

The consolidated financial statements relate to Pricol Limited ("the Company") and its subsidiary companies. The Consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" as prescribed under Section 211(3C) of the Companies Act, 1956.

- ii) The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- iii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on Accounting for Investments.

3. Other Significant Accounting Policies:

These are set out under "Notes on Accounts" as given in the standalone Financial Statements of Pricol Limited.

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	31-3-2009 Rs. Million	31-3-2008 Rs. Million
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	90.000	90.000
Reserves & Surplus	II	1,397.673	1,767.455
		<u>1,487.673</u>	<u>1,857.455</u>
Loan Funds			
Secured Loans	III	3,278.076	3,192.958
Unsecured Loans	IV	120.880	327.971
		<u>3,398.956</u>	<u>3,520.929</u>
Total		<u>4,886.629</u>	<u>5,378.384</u>
APPLICATION OF FUNDS			
Fixed Assets			
a. Gross Block	V	5,365.741	4,951.576
b. Less : Accumulated Depreciation		<u>2,598.199</u>	<u>2,232.728</u>
c. Net Block		2,767.542	2,718.848
d. Capital Work-in-progress		<u>51.469</u>	<u>206.491</u>
		<u>2,819.011</u>	<u>2,925.339</u>
Investments	VI	17.257	18.772
Deferred Tax Asset / (Liability)		<u>54.759</u>	<u>(29.921)</u>
Current Assets, Loans and Advances			
a. Inventories	VII	1,433.973	1,779.806
b. Sundry Debtors		1,578.865	1,628.926
c. Cash and Bank Balances		54.706	78.747
d. Loans and Advances		<u>705.103</u>	<u>770.463</u>
(A)		<u>3,772.647</u>	<u>4,257.942</u>
Less : Current Liabilities & Provisions			
a. Liabilities	VIII	1,431.246	1,369.317
b. Provisions		<u>345.799</u>	<u>424.431</u>
(B)		<u>1,777.045</u>	<u>1,793.748</u>
Net Current Assets	(A-B)	1,995.602	2,464.194
Debit Balance in Profit & Loss Account	IX	—	—
Total		<u>4,886.629</u>	<u>5,378.384</u>

Schedule I to IX, Significant Accounting Policies and the Notes on Accounts form part of this Balance Sheet.

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

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule	2008-09 Rs. Million	2007-08 Rs. Million
INCOME			
Net Sales & Services - Domestic		4,960.448	5,074.184
- Export		1,373.330	1,249.557
Total Sales	X	6,333.778	6,323.741
Increase / (Decrease) in Stock of Finished Goods	XI	(92.294)	240.764
Cost of In-house Manufactured Machines & Toolings Capitalised		119.592	129.430
Production Value		6,361.076	6,693.935
EXPENDITURE			
Raw Materials & Components Consumed	XII	4,153.543	4,020.172
Employees' Cost		914.179	944.403
Power & Utilities		188.733	178.661
Stores & Spares Consumed		52.309	77.505
Repairs & Maintenance		117.460	146.978
Other Expenditure		632.737	534.487
Total Expenditure		6,058.961	5,902.206
Profit before Interest, Depreciation & Other Income		302.115	791.729
Add : Other Income	XIII	39.918	77.918
Less : Interest & Finance Charges	XIV	422.118	314.827
: Depreciation		388.736	349.707
Profit / (Loss) Before Tax		(468.821)	205.113
Less : Provision for Current Tax		—	50.275
: Provision for Fringe Benefit Tax		6.701	7.616
: Provision for Deferred Tax (Asset)		(84.680)	(35.849)
Add : Tax Provision for earlier years no longer required written back		22.156	—
Profit / (Loss) After Tax		(368.686)	183.071
Add : Balance brought forward		168.085	248.191
Amount available for appropriation		(200.601)	431.262
APPROPRIATION			
Dividend - Nil (Previous year - Re.0.60 per share of Re.1/- face value)		—	54.000
Tax on Dividend @ 16.995%		—	9.177
General Reserve		—	200.000
Surplus / (Deficit) to be carried over		(200.601)	168.085
		(200.601)	431.262
Earnings per Share (Basic / Diluted) (In Rupees) (Face Value of Re.1/-)	XV	(4.10)	2.03

Schedules X to XV, Significant Accounting Policies and the Notes on Accounts form part of this Profit & Loss Account.

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
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Company Secretary

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

	31-3-2009 Rs. Million	31-3-2008 Rs. Million
Schedule I - SHARE CAPITAL		
Authorised		
100,000,000 Equity Shares of Re.1/- each	100.000	100.000
Issued, Subscribed and Paid-up		
90,000,000 Equity Shares of Re.1/- each (Of the above 37,500,000 Equity Shares of Re.1/- each have been issued as fully paid-up Bonus Shares by Capitalisation of Reserves).	90.000	90.000
Schedule II - RESERVES & SURPLUS		
Share Premium Account	181.000	181.000
General Reserve		
As per last Balance Sheet	1,400.580	1,200.580
Add : Transfer from Profit & Loss Account	—	200.000
	1,400.580	1,400.580
Less : Debit Balance in Profit & Loss Account adjusted as per contra	200.601	—
	1,199.979	1,400.580
Foreign Currency Translation Reserve	16.694	17.790
Surplus		
Balance in Profit & Loss Account	—	168.085
	1,397.673	1,767.455
Schedule III - SECURED LOANS		
a) Term Loans from Banks :		
- In Rupee	1,917.785	1,477.065
- In Foreign Currency	442.047	610.252
b) Working Capital Facilities from Banks :		
- In Rupee	707.268	366.409
- In Foreign Currency	210.976	739.232
	3,278.076	3,192.958
Schedule IV - UNSECURED LOANS		
Loan from Banks	120.880	327.971
	120.880	327.971

CONSOLIDATED SCHEDULES (Contd.,)

Schedule V - FIXED ASSETS

(Rs. Million)

	Gross Block				Depreciation				Net Block	
	Cost as on 1-4-2008	Additions during 2008-09	Sales/Trans- fer during 2008-09	Balance as on 31-3-2009	Upto 31-3-2008	For 2008-09	Withdrawn during 2008-09	Total upto 31-3-2009	Written down as on 31-3-2009	Value as on 31-3-2008
Tangible Assets										
Land	172.681	2.264	—	174.945	—	—	—	—	174.945	172.681
Buildings	1,116.994	136.635	—	1,253.629	193.380	41.953	—	235.333	1,018.296	923.614
Plant & Machinery	3,299.445	258.802	29.106	3,529.141	1,838.075	312.319	20.883	2,129.511	1,399.630	1,461.370
Furniture, Fittings & Equipments	68.526	2.798	—	71.324	27.078	5.294	—	32.372	38.952	41.448
Vehicles	112.895	3.869	10.003	106.761	27.388	9.834	2.382	34.840	71.921	85.507
Total Tangible Assets	4,770.541	404.368	39.109	5,135.800	2,085.921	369.400	23.265	2,432.056	2,703.744	2,684.620
Intangible Assets										
Computer Software	56.989	23.613	—	80.602	36.069	12.001	—	48.070	32.532	20.920
Technical Knowhow	124.046	25.293	—	149.339	110.738	7.335	—	118.073	31.266	13.308
Total Intangible Assets	181.035	48.906	—	229.941	146.807	19.336	—	166.143	63.798	34.228
Sub-Total	4,951.576	453.274	39.109	5,365.741	2,232.728	388.736	23.265	2,598.199	2,767.542	2,718.848
Capital										
Work-in-progress	206.491	38.582	193.604	51.469	—	—	—	—	51.469	206.491
Total Assets				5,417.210				2,598.199	2,819.011	2,925.339
								31-3-2009	31-3-2008	
								Rs. Million	Rs. Million	

Schedule VI - INVESTMENTS

LONG TERM INVESTMENTS (at Cost)

1. Non-Trade - Quoted :

a) 600 Equity Shares of Rs.2/- each fully paid-up in GMR Infrastructure Limited	0.143	0.143
b) 200 Equity Shares of Rs.10/- each fully paid-up in Mahindra & Mahindra Limited	0.137	0.137
c) 200 Equity Shares of Rs.10/- each fully paid-up in Cholamandalam DBS Finance Limited	0.061	0.061
d) 125 Equity Shares of Rs.10/- each fully paid-up in Tata Motors Limited	0.089	0.089
e) 75 Equity Shares of Rs.10/- each fully paid-up in ICICI Bank Limited	0.080	0.080
f) 71 Equity Shares of Re.1/- each fully paid-up in TVS Motors Limited	0.001	0.001
g) 70 Equity Shares of Rs.10/- each fully paid-up in Bharat Heavy Electricals Limited (Previous year - 55 Equity Shares)	0.157	0.132
h) 50 Equity Shares of Rs.10/- each fully paid-up in Munjal Auto Industries Limited	0.001	0.001
i) 50 Equity Shares of Rs.10/- each fully paid-up in Shivam Autotech Limited		

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2009 Rs. Million	31-3-2008 Rs. Million
Schedule VI - INVESTMENTS (Contd..)		
j) 100 Equity Shares of Rs.10/- each fully paid-up in Larsen & Toubro Limited (Previous year - 40 Equity Shares)	0.180	0.157
k) 70 Equity Shares of Rs.10/- each fully paid-up in State Bank of India (Previous year - 40 Equity Shares)	0.136	0.095
l) 29,276 Units of DSP - Black Rock India TIGER Fund - Dividend Option	1.000	1.000
m) 17,573 Units of HDFC Equity Fund - Dividend Option	1.000	1.000
n) 47,193 Units of ICICI Prudential Infrastructure Fund - Dividend Reinvestment (Previous year - 37,344 Units)	0.893	0.743
o) 36,538 Units of JM Basic Fund - Dividend Plan	1.120	1.120
p) 17,937 Units of Reliance Diversified Power Sector Fund - Dividend Plan	1.000	1.000
q) 7,362 Units of Reliance Vision Fund - Retail Plan - Dividend Plan	0.500	0.500
r) 3,082 Units of ICICI Prudential Liquid Plan	0.061	—
s) 102 Units of Reliance Money Manager Fund	0.103	—
	6.662	6.259
2. Non Trade - Unquoted :		
a. 199,700 Equity Shares of Rs.10/- each fully paid-up in Synoro Technologies Limited	1.997	1.997
b. 720,000 Equity Shares of Rs.10/- each fully paid-up in Pricol Technologies Limited	7.200	7.200
	9.197	9.197
3. Investment in Associates :		
a. 3,190 Equity Shares of Rs.100/- each fully paid-up in Shanmuga Steel Industries Limited	0.160	0.160
b. 400,000 Equity Shares of Rs.10/- each fully paid-up in Ananya Innovations Limited	4.000	4.000
	4.160	4.160
4. Application Money Paid :		
State Bank of India - Rights Issue	—	0.017
Total (1+2+3+4)	20.019	19.633
Less : Share of Post Acquisition Loss	2.762	0.861
Total Investments	17.257	18.772
Aggregate Cost of Quoted Investments (long term)	6.662	6.276
Aggregate Cost of Un-quoted Investments (long term)	13.357	13.357
Market Value of Quoted Investments (long term)	2.440	4.260

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2009 Rs. Million	31-3-2008 Rs. Million
Schedule VII - CURRENT ASSETS, LOANS AND ADVANCES		
a. Inventories (At lower of cost and net realisable value)		
Stock of Stores & Spares	38.817	32.001
Raw Materials & Components	866.372	1,066.179
Materials in Transit	0.577	15.181
Work-in-progress	193.123	239.624
Finished Goods	226.375	318.669
Land - Stock in Trade	108.709	108.152
	<u>1,433.973</u>	<u>1,779.806</u>
b. Sundry Debtors :		
Unsecured Considered Good		
a) Outstanding for a period exceeding six months	599.209	317.351
b) Others	979.656	1,311.575
	<u>1,578.865</u>	<u>1,628.926</u>
Unsecured Considered Doubtful		
	37.544	27.213
Less : Provision for Doubtful Debts	37.544	27.213
	<u>1,578.865</u>	<u>1,628.926</u>
c. Cash & Bank Balances :		
Cash on hand	0.875	0.663
Balances with Scheduled Banks		
In Current Account	37.522	49.442
In Unclaimed Dividend Account	4.741	4.894
In Margin Money Account / Fixed Deposits	11.568	23.748
	<u>54.706</u>	<u>78.747</u>
d. Loans and Advances :		
Advances Recoverable in cash or in kind or for value to be received and considered Good		
Unsecured considered good	45.965	83.528
Unsecured considered doubtful	3.607	3.607
Less : Provision for Doubtful Advances	3.607	3.607
	<u>45.965</u>	<u>83.528</u>
Deposits	34.311	33.495
Balances with Government authorities	228.466	262.372
Prepaid expenses	18.451	7.967
Tax payments pending adjustment	377.910	383.101
	<u>705.103</u>	<u>770.463</u>
	<u>3,772.647</u>	<u>4,257.942</u>

CONSOLIDATED SCHEDULES (Contd.,)

	31-3-2009 Rs. Million	31-3-2008 Rs. Million
Schedule VIII - CURRENT LIABILITIES AND PROVISIONS		
a. Liabilities :		
Sundry Creditors (Due to Micro, Small and Medium Enterprises is Rs.4.130 Mn, Previous year - Rs.0.080 Mn)	1,407.506	1,334.674
Interest accrued but not due on loans	16.530	23.870
Due to Directors	2.123	5.279
Investor Education and Protection Fund - not due :		
Unclaimed Dividend	4.741	4.894
Unclaimed Deposits including Interest	0.346	0.600
	<u>5.087</u>	<u>5.494</u>
	<u>1,431.246</u>	<u>1,369.317</u>
b. Provisions :		
For Current Taxation	316.511	338.667
For Fringe Benefit Tax	29.288	22.587
For Dividend	—	54.000
For Tax on Dividend	—	9.177
	<u>345.799</u>	<u>424.431</u>
	<u>1,777.045</u>	<u>1,793.748</u>

Schedule IX - DEBIT BALANCE IN PROFIT & LOSS ACCOUNT

As per the Profit & Loss Account	200.601	—
Less : Adjusted against General Reserve as per contra	200.601	—
	<u>—</u>	<u>—</u>

Schedule X - INCOME

	2008-09 Rs. Million	2007-08 Rs. Million
Sales & Service Charges		
Domestic Sales & Service Charges		
Sale of Finished Products (Incl. of Excise Duty and Sales Tax)	5,859.366	6,230.137
Service Charges	45.522	53.710
Sale of Wind Power	6.750	6.462
	<u>5,911.638</u>	<u>6,290.309</u>
Less : Excise Duty	664.514	940.735
: Sales Tax	266.886	258.010
: Discount & Commission on Domestic Sales	19.790	17.380
	<u>4,960.448</u>	<u>5,074.184</u>
Export Sales		
Sale of Finished Products (Incl. of Excise Duty)	1,518.179	1,299.251
Less : Excise Duty	139.313	44.521
: Commission on Export Sales	5.536	5.173
	<u>1,373.330</u>	<u>1,249.557</u>
	<u>6,333.778</u>	<u>6,323.741</u>

CONSOLIDATED SCHEDULES (Contd.,)

	2008-09 Rs. Million	2007-08 Rs. Million
Schedule XI - Increase / (Decrease) in Stock of Finished Goods		
Stock at Closing	226.375	318.669
Less : Stock at Opening	318.669	77.905
	<u>(92.294)</u>	<u>240.764</u>
Schedule XII - EXPENDITURE		
RAW MATERIALS & COMPONENTS CONSUMED		
Opening Stock		
a) Raw Materials & Components	1,081.360	701.482
b) Work-in-Progress	239.624	106.532
	<u>1,320.984</u>	<u>808.014</u>
Add : Purchases	4,011.753	4,602.170
	<u>5,332.737</u>	<u>5,410.184</u>
Less : Closing Stock		
a) Raw Materials & Components	866.949	1,081.360
b) Work-in-Progress	193.123	239.624
	<u>1,060.072</u>	<u>1,320.984</u>
	<u>4,272.665</u>	<u>4,089.200</u>
Less : Sale of Raw Materials & Scrap	181.677	166.292
Add : Direct Expenses	62.555	97.264
	<u>62.555</u>	<u>97.264</u>
Total Raw Materials & Components Consumed	<u>4,153.543</u>	<u>4,020.172</u>
Includes materials consumed for In-house Manufacture of Machines & Toolings of Rs.70.680 Mn for 2008-09 (Rs.110.830 Mn for 2007-08)		
EMPLOYEES' COST		
a) Pay, Allowances, Performance Reward & Bonus	771.480	793.525
b) Company's Contribution to Provident, Superannuation and Gratuity Funds	49.210	53.624
c) Welfare Expenses	93.489	97.254
	<u>914.179</u>	<u>944.403</u>
REPAIRS AND MAINTENANCE		
Machinery	86.597	95.738
Building	17.760	32.488
Others	13.103	18.752
	<u>117.460</u>	<u>146.978</u>

CONSOLIDATED SCHEDULES (Contd.,)

	2008-09 Rs. Million	2007-08 Rs. Million
Schedule XII - EXPENDITURE (Contd.,)		
OTHER EXPENDITURE		
Printing & Stationery	14.290	13.446
Postage, Telegram and Telephone	16.190	17.145
Rent	8.912	8.389
Rates, Taxes & Licence	(3.628)	55.049
Insurance	8.451	10.477
Bank Charges	13.281	9.352
Travelling & Conveyance	79.833	104.063
Freight & Forwarding	195.317	191.958
Advertisement, Publicity & Sales Promotion	6.272	24.365
Royalty	44.216	53.093
Bad Debts written off	0.788	11.377
Provision for doubtful debts (Net)	5.261	(7.317)
Commission / Sitting Fees to Non-Whole Time Directors	0.327	2.613
Auditor's Remuneration	1.869	1.507
Professional Charges, Books and Periodicals	44.037	49.392
Net Foreign Exchange (Gain) / Loss	192.561	(20.924)
Miscellaneous Expenses	8.895	10.133
Donations	—	0.635
(Profit) / Loss on Sale of Assets (Net)	(4.135)	(0.266)
	632.737	534.487

Schedule XIII - OTHER INCOME

Interest Received	13.342	19.062
Income from Mutual Funds	0.271	16.185
Rent Received	3.139	4.089
Trading Income	4.560	2.717
Sundry Income	2.722	17.984
Export Incentives	17.785	12.267
Share in Profit / (Loss) of Associates	(1.901)	5.614
	39.918	77.918

Schedule XIV - INTEREST & FINANCE CHARGES

Interest on Fixed Loans	213.244	110.408
Interest on Other Loans	196.464	189.698
Finance Charges	12.410	14.721
	422.118	314.827

Schedule XV - EARNINGS PER SHARE (Basic / Diluted)

a. Profit / (Loss) After Tax	(368.686)	183.071
b. Equity Share of Re.1/- each (Nos. in Mn)	90.000	90.000
c. Earnings per Share (a/b) (in Rs.)	(4.10)	2.03

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2009.

1. The Subsidiary Companies considered in the Consolidated Financial Statements are:

S. No.	Name of the Subsidiary	Country of Incorporation	% of Ownership
1	English Tools and Castings Limited	India	100%
2	Integral Investments Limited	India	100%
3	PT Pricol Surya	Indonesia	100%

2. The Associate Companies considered in the Consolidated Financial Statements are:

S. No.	Name of the Associate	Country of Incorporation	% of Ownership
1	Shanmuga Steel Industries Limited	India	49%
2	Ananya Innovations Limited	India	40%

3. The value of Investments made by the wholly owned subsidiary Company – Integral Investments Limited in the associates Shanmuga Steel Industries Limited and Ananya Innovations Limited has been accounted in compliance with Accounting Standard (AS-23).

4. The exchange rate considered for consolidation of foreign subsidiary, PT Pricol Surya is as follows :

	As at 31st March 2009 (In Indonesian Rupiah)	As at 31st March 2008
One Indian Rupee	227.27	230.57

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

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

7. As per the information received from the Suppliers regarding their classification the amount due to Micro, Small and Medium Enterprises is disclosed:

	Rs. Million	
	2008-09	2007-08
Due to Micro, Small and Medium Enterprises		
— Principal due at the year end	4.130	0.080
— Interest payable at the year end	—	—
— Interest paid during the year	—	0.220

8. List of Related parties with whom transactions have taken place during the year 2008-09 and Relationship:

Key Management Personnel: Mr. Vijay Mohan, Mrs. Vanitha Mohan, Mr. K. Udhaya Kumar and Mr. K.Janardhanan;
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.

Nature of Transaction	Rs. Million			
	Key Mgmt Personnel		Others	
	2008-09	2007-08	2008-09	2007-08
Purchase / Labour Charges paid	—	—	135.102	256.496
Sales / Job Work Charges received	—	—	128.288	472.321
Receiving of Services	7.514	9.049	14.469	8.143
Rendering of Services	—	—	12.329	4.894
Loan / Advance / Deposit - Opening	—	—	10.356	10.356
Loan / Advance / Deposit - Closing	—	—	10.356	10.356
Receivable - Closing	—	—	514.667	573.824
Payable - Closing	2.208	5.279	13.584	3.507

9. Other Notes forming part of Accounts:

These are set out in and under "Notes forming part of accounts for the year ended 31st March 2009" as given in the standalone financial statements of Pricol Limited.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	2008-09 Rs. Million	2007-08 Rs. Million
A. Cash Flow from Operating Activities:		
Net Profit / (Loss) Before Tax	(468.821)	205.113
Adjustments for :		
Depreciation	388.736	349.707
Bad debts written off	0.788	11.377
Provision for Doubtful debts (Net)	5.261	(7.317)
Effect of change in Foreign Currency Translation Reserve	(1.096)	17.983
(Profit) / Loss on Sale of Assets	(4.135)	(0.266)
Exchange Fluctuation (Gain) / Loss on Re-statement	43.125	(11.016)
Interest received	(13.342)	(19.062)
Interest & Finance charges	422.118	314.827
Other Investment Income	1.630	(21.799)
	<u>843.085</u>	<u>634.434</u>
Operating profit before working capital changes	374.264	839.547
Adjustments for :		
Trade and other receivables	119.685	(256.465)
Inventories	345.833	(738.512)
Trade and other payables	75.157	544.585
	<u>540.675</u>	<u>(450.392)</u>
Cash generated from operations	914.939	389.155
Direct taxes (paid) / refunds	5.191	(65.484)
Net Cash from Operating Activities	<u>920.130</u>	<u>323.671</u>
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(298.252)	(706.940)
Sale of Fixed Assets	19.979	6.956
Interest received	13.342	19.062
Purchase of Investments	(0.386)	(10.274)
Sale of Investments	—	60.835
Other Investment Income	0.271	16.185
Net Cash used in Investing Activities	<u>(265.046)</u>	<u>(614.176)</u>
C. Cash Flow from Financing Activities:		
Long term Borrowings	209.333	737.969
Unsecured Loans & Deposits	(207.345)	(730.173)
Working Capital Borrowings	(188.325)	448.193
Dividend & Tax on Dividend paid	(63.330)	(104.499)
Interest & Finance charges paid	(429.458)	(303.185)
Net Cash from / (used) Financing Activities	<u>(679.125)</u>	<u>48.305</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	<u>(24.041)</u>	<u>(242.200)</u>
Cash and cash equivalents as at 1.4.2008 and 1.4.2007 (Opening balance)	78.747	320.947
Cash and cash equivalents as at 31.3.2009 and 31.3.2008 (Closing balance)	<u>54.706</u>	<u>78.747</u>

As per our report of date attached
For Suri & Co.,
Chartered Accountants
C.S. Sathyanarayanan
Partner
Membership No.28328
Coimbatore, 29th May 2009

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

Disclosure of Information relating to the Subsidiary Companies as required by the Ministry of Corporate Affairs, Government of India vide their approval letter No.47/11/2009-CL-III dated 5th February, 2009.

Particulars	Integral Investments Limited	English Tools and Castings Limited	PT Pricol Surya Indonesia .
		2008-09 Rs. Million	
a) Share Capital	22.500	79.337	66.727
b) Reserves & Surplus	1.091	0.001	(74.462)
c) Total Assets	23.599	245.052	230.382
d) Total Liabilities	23.599	245.052	230.382
e) Details of Investments *	20.019	—	—
f) Turnover	0.111	149.597	121.841
g) Profit / (Loss) Before Tax	0.092	(32.781)	(51.652)
h) Provision for Taxation	—	0.101	(13.280)
i) Profit / (Loss) After Tax	0.092	(32.882)	(38.373)
j) Proposed Dividend	—	—	—
k) Reporting Currency **	Indian Rupee (INR)	Indian Rupee (INR)	Indonesian Rupiah (IDR)

* Excluding investment in subsidiaries.

** The financial statements of subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of appropriate exchange rate.

The exchange rate as at 31st March 2009 : 1 INR = 227.27 IDR.

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