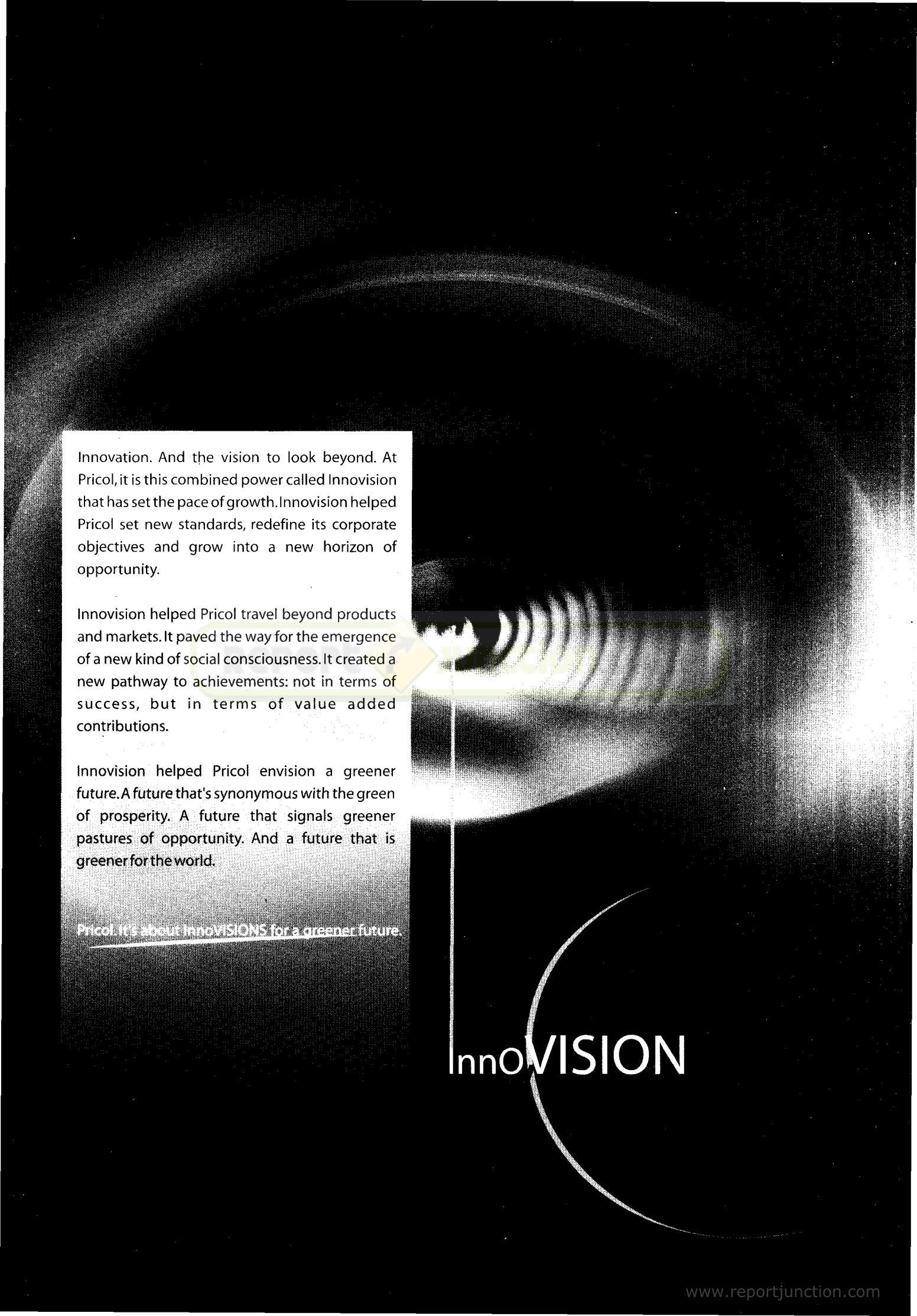




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Premier Instruments & Controls Limited



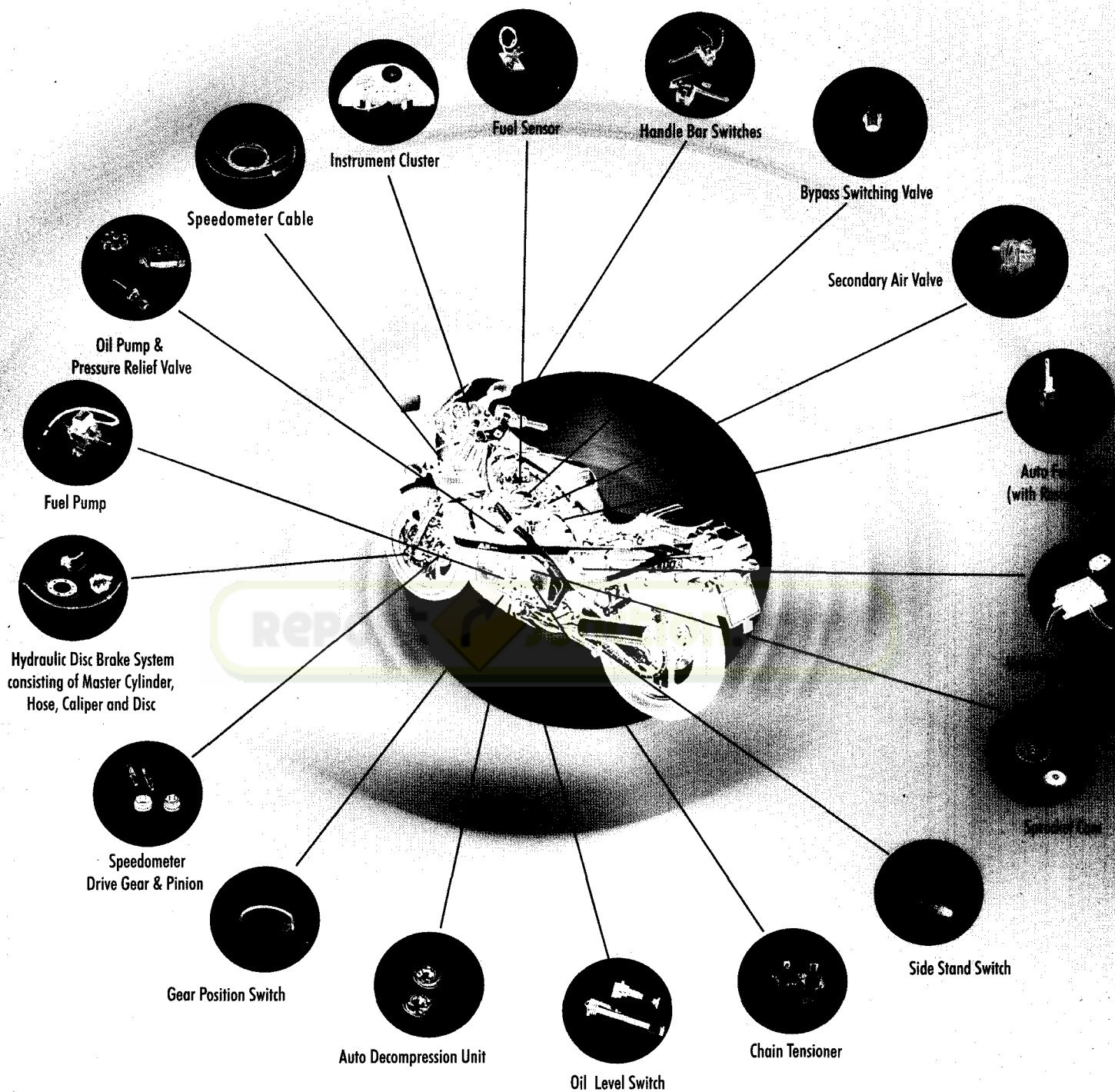
Innovation. And the vision to look beyond. At Pricol, it is this combined power called Innovision that has set the pace of growth. Innovision helped Pricol set new standards, redefine its corporate objectives and grow into a new horizon of opportunity.

Innovision helped Pricol travel beyond products and markets. It paved the way for the emergence of a new kind of social consciousness. It created a new pathway to achievements: not in terms of success, but in terms of value added contributions.

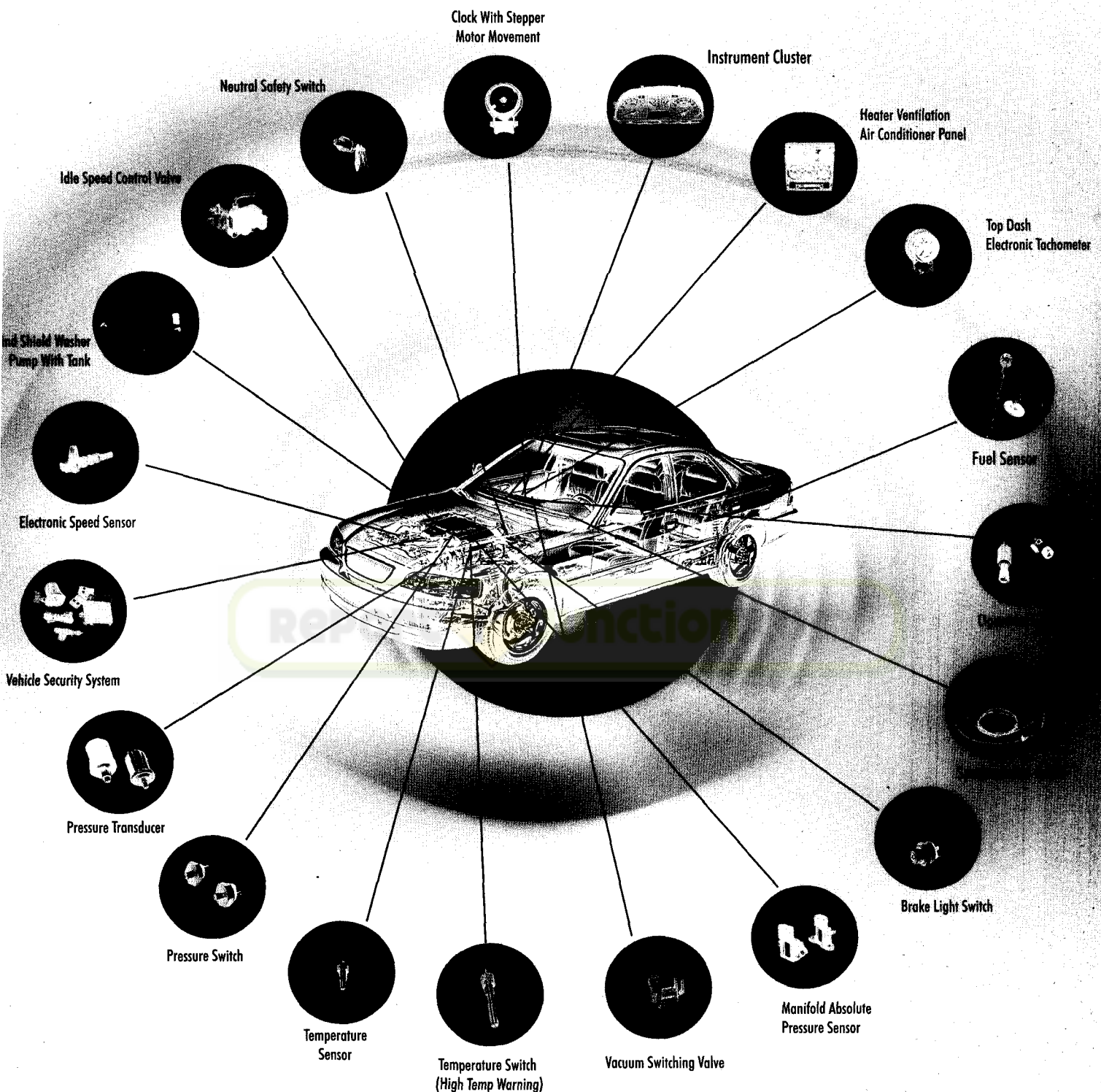
Innovision helped Pricol envision a greener future. A future that's synonymous with the green of prosperity. A future that signals greener pastures of opportunity. And a future that is greener for the world.

Pricol. It's about InnovISIONS for a greener future.

InnoVISION



Product InnoVISION



The year saw a new influx of products from Pricol. From instrumentation, to a comprehensive range of auto components, the transition has been smooth and swift.

The new products like Vehicle Convenience and Security

Systems, Electronic Road Speed Limiters, Centralised Lubrication Systems and a host of other products have been a result of an in-depth study into market needs. Each of these products has been an innovation to create a better world.

As a concerned corporate citizen, Pricol initiated a people's movement called Siruthuli in early June 03. The project focuses on joining hands with people across all cross sections to bring back the delicate balance in the eco system. The project tackles pressing issues concerning water conservation.

- a) Clearing and de-silting of the water channels and water reservoirs.
- b) Afforestation
- c) Effective Garbage Management
- d) Sewage Water Treatment

Several corporate houses are actively involved in the Siruthuli movement and in the last 10 months, over 350 acres of water channels and reservoirs have been cleared to make way for the free flow of rain water and its storage.

Riparian afforestation, the kind that prevents soil erosion and enhances water absorption into the soil, has been actively promoted.

Siruthuli is also working with the Coimbatore Corporation to set up a garbage management plant at the city outskirts.

Talks are on with global consultants to put into place a solid and waste management system to treat sewage water.

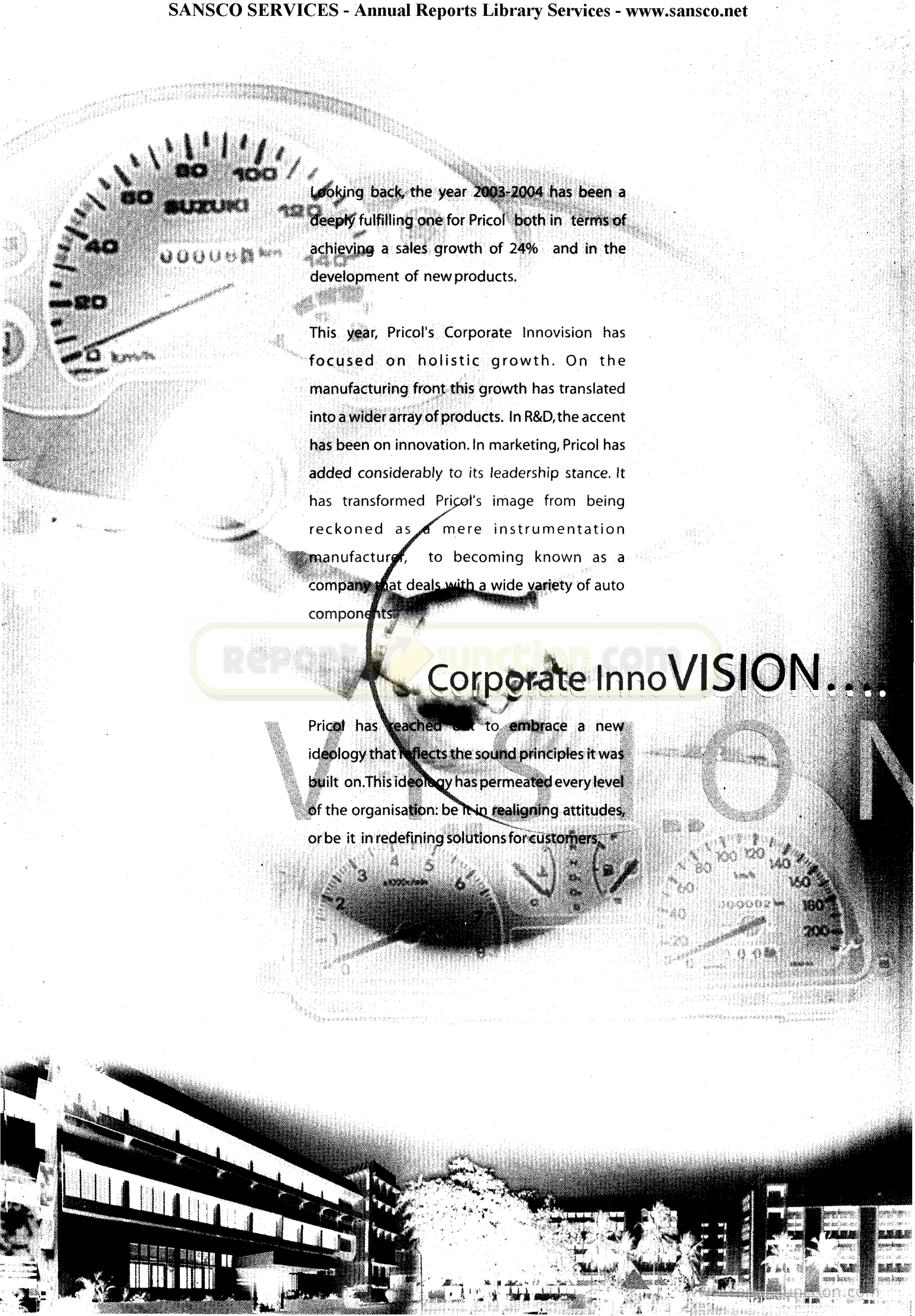
Siruthuli is a movement initiated for the future generations of Coimbatore. The movement is rapidly gaining momentum and at each step, the public involvement is on the rise.

Siruthuli is the result of Pricol's innovation to travel beyond business. This social consciousness has seeped into every level of hierarchy at Pricol. Its people have been actively involved at every stage and this has helped Pricol take the message of Siruthuli further.

Siruthuli also provided Pricol the impetus to drive itself further into the realm of social commitment. It has adopted villages surrounding Coimbatore and is working with the villages to promote self-reliance.

At Pricol, success necessarily needs to have a more holistic meaning. It is not limited to achieving targeted growth. It is about travelling beyond business.

Inno**VISION**
Beyond Business



Looking back, the year 2003-2004 has been a deeply fulfilling one for Pricol both in terms of achieving a sales growth of 24% and in the development of new products.

This year, Pricol's Corporate InnoVision has focused on holistic growth. On the manufacturing front this growth has translated into a wider array of products. In R&D, the accent has been on innovation. In marketing, Pricol has added considerably to its leadership stance. It has transformed Pricol's image from being reckoned as a mere instrumentation manufacturer, to becoming known as a company that deals with a wide variety of auto components.

Corporate InnoVISION....

Pricol has reached out to embrace a new ideology that reflects the sound principles it was built on. This ideology has permeated every level of the organisation: be it in realigning attitudes, or be it in redefining solutions for customers.



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PREMIER INSTRUMENTS & CONTROLS LIMITED

BOARD OF DIRECTORS

Mr. L.G. Varadarajulu, Chairman
 Mr. L. Lakshman
 Mr. E.K. Parthasarathy
 Mr. Suresh Jagannathan
 Mr. C.R. Swaminathan
 Mr. K.N.V. Ramani
 Mr. D. Sarath Chandran
 Mr. Takeshige Tabuchi
 Mr. Haruo Ishida, Alternate Director to Mr. Takeshige Tabuchi
 Mr. C.N. Srivatsan
 Mr. T.K. Balaji
 Mr. V. Ramakrishnan

Mrs. Vanitha Mohan, Executive Director

Mr. Vijay Mohan, Vice Chairman & Managing Director

COMPANY SECRETARY

Mr. V. Srinivasan

AUDITORS

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

BANKERS

Andhra Bank
 State Bank of India
 ICICI Bank Limited
 IDBI Bank Limited
 IndusInd Bank Limited
 Bank of Nova Scotia

REGISTERED OFFICE

P.B. No.6331, 1087-A, Avanashi Road,
 Coimbatore - 641 037, India.
 Ph : 0422-2211520 (5 lines) Fax : 0422-2210028
 E-mail : city@pricol.co.in

FACTORIES**PLANT I**

132, Ooty Main Road,
 Post Box No.4209
 Perianaickenpalayam,
 Coimbatore - 641 020.

PLANT III

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

PLANT II

Plot No.15, Sector VI,
 IMT Manesar,
 Gurgaon - 122 050,
 Haryana

PLANT IV

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

PLANT V

Survey No.1062, 1065 & 1068, Pirangut,
 Urwade Road, Tauluk Mulshi, Dist. Pune.

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DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Your Directors have pleasure in presenting the Thirty Second Annual Report on the business and operations of the Company together with the audited accounts for the financial year ended 31st March, 2004.

FINANCIAL RESULTS

The summarised financial results are :

	(Rs. in million)	
	2003-2004	2002-2003
Net Sales & Services - Domestic	3348.32	2682.96
- Export	409.23	348.38
Total	3757.55	3031.34
Profit Before Interest and Depreciation	797.52	550.94
Less : Interest	80.02	105.13
Depreciation	205.46	188.82
Profit Before Tax	512.04	256.99
Less : Provision for Current Taxation	183.00	82.00
Provision for Deferred Tax Liability / (Asset)	(7.00)	23.00
Profit After Tax	336.04	151.99

Terra Agro Technologies Limited (Terra)'s financial collaboration with Investment Firm from UK did not materialise as stated in the previous year's report. As the entire assets of Terra have been charged in favour of Pricol and its subsidiary for their dues, both Pricol and Terra simultaneously tried to locate a strategic investor / buyer for divestment of Terra but could not finalise by end of March, 2004. As a prudent accounting practice, it has been decided to make a contingency provision in the books of accounts for Rs.230 million paid to banks towards corporate guarantee obligations remaining as overdue advances and Rs.25.35 million towards diminution in the value of investments on preference shares and bonds in Terra. However efforts are continuing and most probably the divestment could take place during the course of the current year.

DIVIDEND

Your Directors recommend a dividend of 90% on the paid-up equity share capital of the Company for the year ended 31st March, 2004.

APPROPRIATIONS

	(Rs. in million)	
Profit After Tax	336.04	151.99
Add : Balance brought forward	151.28	205.56
Debenture Redemption Reserve no longer required	13.33	---
Capital Reserve no longer required	1.00	---
	501.65	357.55
Less : Diminution in value of Investments	25.35	69.65
Irrecoverable advances written off	—	67.47
Provision for overdue advances	230.00	—
Amount available for appropriation	246.30	220.43

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DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd..)

Appropriation

(Rs. in million)

Dividend 90% (Previous year 60%)	54.00	36.00
Dividend tax 12.8125%	6.92	4.61
General Reserve	35.00	15.20
Debenture Redemption Reserve	—	13.33
Surplus to be carried over	150.38	151.29
Total	246.30	220.43

BONUS ISSUE AND STOCK SPLIT

The Board of Directors subject to the approval of shareholders at the ensuing Annual General Meeting, has decided at their meeting held on 28th January, 2004 to issue Bonus Shares in the ratio of one equity share for every two existing equity shares held by the shareholders and to split the nominal face value of equity shares from Rs.10/- per share to Re.1/- per share. The record date for the above said purpose will be announced in due course.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The year 2003-04 has indeed an eventful year for all segments of the automobile industry in India. Competitiveness with quality as a theme has been the watchword for the Indian Industry ever since the Indian economy was opened up to the world in the early 1990s. Last year, the Indian economy witnessed a growth rate of around 8 %. In fact, 2003-04 fiscal saw the Tractor industry recording its first year of positive growth of 11.76% with sales of about 1.9 lakh units as compared to about 1.7 lakh units in the previous year, after a gap of four years. The performance of the automotive industry is closely linked to the industrial growth. The commercial vehicle segment, which is seen to be an indicator of economic growth grew substantially in 2003-04. The growth of various segments of the automotive industry during 2003-04 fiscal can be seen from the details given below :

Category	Vehicles Sold		Growth 2003-04 %
	2002-03	2003-04	
	In numbers		
Passenger Car	611,754	821,534	34.29
Utility Vehicle	114,797	148,048	28.97
Multi purpose Vehicle	52,652	60,486	14.88
Medium & Heavy Commercial Vehicle	121,349	169,526	39.70
Light Commercial Vehicle	82,588	108,046	30.83
Scooters / Scooterettes	858,214	938,186	9.32
Motor cycles	3,771,218	4,357,746	15.55
Mopeds	362,376	333,750	-7.90
Three Wheelers	274,895	336,840	22.53
Total	6,249,843	7,274,162	16.39

Source : SIAM

The Company's turnover in line with the general performance of the automobile industry increased from Rs.3031 million to Rs.3758 million registering a growth of 24% over the previous year.

During the year the export sales has increased substantially from Rs.348 million to Rs.409 million registering a growth of 17.5%. The trend in the export of automobile products are encouraging and the company will continue to pursue its efforts to increase its export turnover during the current year.

The company has been investing substantial amount in capital assets year after year towards design, tooling capabilities, modernisation and upgradation of technology to cope with technological changes and variants in products due to introduction

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd..)

of range of new model vehicles in the market. The company is also looking to accessories market to improve the performance. Last year the company has launched several new products more particularly vehicle convenience and security systems for four wheelers & two wheelers and Road Speed Limiter which were well received in the market. Introduction of Centralised lubrication system and Vehicle monitoring systems developed by the company, will be made in the course of the year.

OUTLOOK

With the continuance of the low interest attractive finance schemes, expected good monsoon and based on the positive economic indicators, we expect the automotive industry to see a further growth of 15% in 2004-05. Your company consequently being an automotive component industry is expected to register a significant growth during the current fiscal.

OPPORTUNITIES, CHALLENGES, RISK & CONCERN

The automobile industry has been growing by leaps and bounds. India is going to emerge as a manufacturing hub for the global players in the automotive industry which will give a thrust to the auto component manufacturing industry. Over the years, with the continuous upgradation of technology, Indian automotive component industry has been recognised by global automotive players as quality product suppliers and started sourcing from India.

Rising cost of inputs, stiff competition from multinationals setting up of their own new components manufacturing facilities in India, frequent changes in the models & design, low volumes, ever-changing technology, converting the technology into quality products at competitive price and delivering the same fast is the challenge thrown open to the industry in general and in particular the influence of the home country participation to get business from the vehicle manufacturers of global presence in India.

The company has a very strong engineering force specialised in design, new product development, value engineering and capable of adapting new technology. With this strength, the company is confident of not only meeting the challenges but also converting the challenges into opportunities.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company maintains a system of internal control, including suitable monitoring procedures. The company regularly conducts a review to assess the financial and operating controls at various locations of the Company. The head of the various monitoring cells, statutory auditors and Internal auditors are invited to attend the Audit committee meetings.

FINANCE

Your Company continues to hold high rating of FAA from CRISIL for fixed deposits. The total amount of deposits with the Company as on 31st March, 2004 was Rs.213.453 million, which includes 59 deposits of Rs.1.028 million unclaimed as on 31st March, 2004. 24 Deposits amounting to Rs.0.458 million have since been renewed/discharged. Reminders have been sent to unclaimed deposit holders for suitable instructions.

No fresh long term loans were arranged during the year. The company has substituted low cost funds for high cost earlier borrowings thereby achieving a reduction in its average cost of borrowing. Overall the borrowing have been reduced by Rs.50 million by keeping a tight control on its working capital management. Your Company continues to hold highest rating of A1+ for Commercial Paper from ICRA.

DIRECTORS

Mr. L.G.Varadarajulu, Mr.L.Lakshman, Mr.E.K.Parthasarathy and Mr.Takeshige Tabuchi retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Mr. L.G. Varadarajulu, Chairman will be retiring at the ensuing Annual General Meeting on having crossed the age of 70, in line with the retirement policy for Directors of the company. The directors would like to place on record a special appreciation to Mr.L.G.Varadarajulu who has associated with the Company as promoter director since incorporation and leading the company as its chairman since 1992. The Board of Directors would also like to place on record their recognition and warm appreciation of Mr. L.G. Varadarajulu's leadership, during his association with the Company.