

BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman
Mrs. Vanitha Mohan, Vice Chairman
Mr. Vikram Mohan, Managing Director
Mr. K. Udhaya Kumar, President & Chief Operating Officer
Mr. Suresh Jagannathan
Mr. C.R. Swaminathan
Mr. D. Sarath Chandran
Mr. Hiroyuki Wakabayashi
Mr. V. Ramakrishnan
Mr. R. Vidhya Shankar
Mr. G. Soundararajan
Mr. K. Murali Mohan
Mr. Yasushi Nei, Alternate Director to **Mr. Hiroyuki Wakabayashi**

COMPANY SECRETARY

Mr. T.G. Thamizhanban

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

CPM Towers,
109, Race Course,
Coimbatore - 641 018, India.
Ph : +91 422 4336000 Fax : +91 422 4336299
E-mail : cs@pricol.co.in

FACTORIES

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PLANT I

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

PLANT III

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

PLANT VI

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

PLANT II

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

PLANT V

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

PLANT VII

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

DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Your Directors have pleasure in presenting the Fortieth Annual Report and audited accounts for the financial year ended 31st March 2012.

FINANCIAL RESULTS

The summarised financial results are :

	2011-12	₹ Million 2010-11
Net Sales & Services		
- Domestic	7,886.746	7,100.154
- Export	1,428.047	1,062.933
Total	9,314.793	8,163.087
Profit from Operations before Finance Cost, Depreciation and Amortisation Expense & Exceptional Items	758.789	825.879
Less : Finance Costs	297.921	273.116
: Depreciation & Amortisation Expense	291.911	337.040
Profit from Operations before Exceptional Items	168.957	215.723
Add : Exceptional Items (Net)	494.203	—
Profit Before Tax	663.160	215.723
Less : Tax Expense		
Current Tax	141.000	43.490
Deferred Tax	44.000	63.810
MAT Credit	(86.000)	(43.490)
For earlier years	—	(79.235)
Profit for the Year	564.160	231.148
Add : Surplus - Opening	114.600	71.212
Amount available for appropriation	678.760	302.360

DIVIDEND

Your Directors recommend a dividend of 40% plus a special dividend of 40% from profit on sale of unit, aggregating to 80% (₹ 0.80 per share of ₹1 face value) on the paid-up equity share capital of the Company for the year ended 31st March 2012.

APPROPRIATION

	2011-12	₹ Million 2010-11
Dividend ₹ 0.80 per share of ₹ 1.00 face value. (Previous year - ₹ 0.60 per share of ₹ 1.00 face value)	72.000	54.000
Tax on Dividend	11.680	8.760
General Reserve	450.000	125.000
Surplus to be carried over	145.080	114.600
Total	678.760	302.360

AUTO INDUSTRY

As against a growth of 27% in the previous financial year, in the year 2011-12, the domestic auto industry grew by 14% only.

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

Category	Vehicles Sold		Growth %
	2010-11	2011-12	
	In numbers		
Passenger Car	2,411,059	2,516,037	4.35
Utility Vehicle	318,869	372,201	16.73
Multi Purpose Vehicle Medium & Heavy Commercial Vehicle	215,940	237,152	9.82
Light Commercial Vehicle	351,408	376,618	7.17
Scooters / Scooterettee	407,540	525,577	28.96
Motor Cycles	2,108,250	2,653,446	25.86
Mopeds	10,488,566	11,943,579	13.87
Three Wheelers	703,713	785,942	11.69
	795,992	876,127	10.07
Total	17,801,337	20,286,679	13.96

OPERATIONS

During 2011-12, our domestic sales increased from ₹ 7,100 million to ₹ 7,887 million, a growth of 11% only, since we are yet to regain the full market share lost.

Our export sales increased from ₹ 1,063 million to ₹ 1,428 million, a growth of 34%, partially due to recovery of automotive markets in countries where we export and addition of new customers.

The overall sales increased from ₹ 8,163 million to ₹ 9,315 million, a growth of 14%.

The increase in cost of all inputs, especially imported raw materials and electronic components, coupled with higher finance costs resulted in the Profit from Operations decreasing from ₹ 216 million to ₹ 169 million.

The Company had an exceptional expense of ₹ 98.500 million towards compensation for retrenched labour. As informed last year about formation of wholly owned subsidiary, on 18th March 2012, our company sold business, assets & liabilities related to Personal Passenger Vehicles (Scooter, Motor Cycle, Car & MPV) instrument cluster business out of our Plant V, Pune by way of slump sale to Pricol Pune Limited, the erstwhile wholly owned subsidiary, for a value of ₹ 734 million. The profit out of slump sale is ₹ 593 million. Consequently, the Profit Before Tax increased from ₹ 216 million to ₹ 663 million.

For the ensuing year 2012-13, the Company's balance business (excluding the business sold) is expected to

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

grow by 11 to 13 %, barring unforeseen circumstances arising out of the economic uncertainty faced by India.

Our Company will continue its efforts to control the operational costs and improve the bottom line.

SUBSIDIARY COMPANIES

PT Pricol Surya, Indonesia

As informed last year Honda Motor Cycles became a new customer from January 2011. With supplies to Honda Motor Cycles for the whole year in 2011-12, the company's sales increased steeply to ₹ 1,110 million (₹ 317 million for 2010-11). The Company generated a Profit Before Tax of ₹ 83 million (Loss of ₹ 11 million for 2010-11).

Effective January 2012, Yamaha Motor Indonesia has increased the order for Electronic Instrument Cluster. Yamaha Motor is also showing interest in procuring Mechanical Instrument Cluster. Suzuki Motor Cycles have awarded new Instrument Cluster Business for their forthcoming model.

The outlook for the year 2012-13 is a growth of 18 to 20 % with increase in profits.

Pricol Castings Limited (formerly English Tools and Castings Limited)

During 2011-12, the Company made a sales turnover of ₹ 239 million against ₹ 264 million last year, a decrease of 10%.

The Company took efforts to streamline the business by pulling out of non profitable business. Further, sale to one of the existing customer changed to supply of casting with aluminium raw material supplied by them. This has resulted in drop in sale value of ₹ 11 million, but helped the company to improve operating margins.

Even though the company had a loss of ₹ 6 million for the whole year 2011-12, various cost control measures implemented during the financial year 2011-12, resulted in nominal profits for each of the last 3 quarters of 2011-12.

For the ensuing year, the company has won new orders from domestic and overseas customers. All the new business is with higher value addition like machining, painting etc. Gravity Die Casting Process is also given more focus to take the company to next level of growth. The Company is having an order book of ₹ 320 million. With some more new customers expected, turnover of ₹ 400 million is expected for financial year 2012-13. This increase in sales will lead to profits.

The existing erratic power situation and raising LPG cost is a cause of concern. Various new initiatives are planned to manage cost and generate the projected profitability.

In order to create a brand image for the Company, the name of the Company has been changed from "English Tools and Castings Limited" to "Pricol Castings Limited" from 24th November 2011.

Integral Investments Limited

A wholly owned subsidiary during the financial year 2011-12 received a dividend of ₹ 0.777 million and earned a Profit Before Tax of ₹ 0.105 million.

Shanmuga Steel Industries Limited

A wholly owned subsidiary of Integral Investments Limited during the year 2011-12 earned a Profit Before Tax of ₹ 10.535 million, through sale of its Land & Building.

JOINT VENTURE

Pricol Pune Private Limited

The Wholly Owned Subsidiary Pricol Pune Limited became a 50:50 joint venture between M/s.Johnson Controls Enterprise Limited, UK (a Wholly Owned Subsidiary of Johnson Controls, Inc. USA) and Pricol Limited on 26th March, 2012. During the period 18th May 2011 to 31st March, 2012 the company made a sales turnover of ₹ 47.279 million and earned a Profit Before Tax of ₹ 1.061 million.

The status of the company has been changed from Public to Private Limited from 30th April, 2012.

SHARE WARRANTS

With the approval of shareholders given in the Extra Ordinary General Meeting held on 9th December 2011, the company issued 4,500,000 convertible share warrants of ₹ 1/- each, on a preferential basis to M/s.PHI Capital Solutions LLP, (PHI) with each warrant convertible into one equity share of ₹ 1/- each of the Company for a price of ₹ 18/- per warrant (including a premium of ₹17/-). PHI has paid ₹ 4.50 per warrant (25% of the Issue price) as application money. PHI have to exercise their warrant rights within eighteen months.

OUTLOOK, OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS

Due to economic uncertainty and continuing high inflation, the sales forecast by the auto industry is conservative with moderate growth projections of 8 to 10% only for the current financial year.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

Global OEMs continue to look to India as a preferred manufacturing location, for both the domestic and export markets. Increasing spending power and disposable income, especially with the younger population, is spurring sales of Two Wheelers and entry-level cars.

While the long term prospects for the industry remain strong in line with the outlook for the OEM segment, the industry faces strong challenges in the form of threat of low cost imports, currency volatility and ability to invest on product development to be able to move up the value chain.

With India's GDP slowing down to less than 7% and S&P's outlook downgrade, the Indian Automotive Industry's growth is also expected to slow down. The Auto component industry is also under continuous pressure to bring down cost of products by adapting new manufacturing processes, better R&D and reduced manpower. The increase in excise duty and weakening of the rupee has put additional strain on the bottom line.

Mitigation of this risk has been planned by increasing the Company's Share of Business with the Major Customers and focusing only on the major product groups to grow.

A Company Management Committee comprising of all heads of various functions has been formed with the role of achieving the Company's sales targets, reducing costs and to improve profit.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control system has been designed & implemented, taking into account the nature of business and size of operations, to provide for:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and assets.
- Compliance with applicable statutes, policies, listing requirements, management policies and procedures.

The Company, through its own Internal Audit Department, carries out periodic audits at all locations and all functions and brings out any deviation to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal audit observations is submitted

to the Audit Committee. 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 from 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. Risk arises for achieving business objectives are identified and prioritized. Risk mitigation activity plans are established and executed as and when need arises. Periodical reviews are carried out to assess the risk levels.

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, 2012 is NIL.

ICRA has maintained the credit rating of 'LBBB-' for Working Capital fund based facilities & Term Loan facilities and 'A3' for working capital non fund based facilities like Letters of Credit and Buyers Credit for imports.

DIRECTORS

Mr.V.Ramakrishnan, Mr.R.Vidhya Shankar and Mr.G.Soundararajan, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Mr. Hiroyuki Wakabayashi of Denso Corporation was inducted into the Board on 29th July 2011 to fill up the vacancy due to the resignation of Mr. Mitsuhiro Masegi of Denso Corporation. Mr. Hiroyuki Wakabayashi will hold office upto the ensuing Annual General Meeting 2012. He is eligible for appointment. The Board places on record it's warm appreciation of the valuable contribution made by Mr. Mitsuhiro Masegi during his association with the company.

AUDITORS

The Auditors of the Company, M/s.Haribhakti & Co. retire at the ensuing Annual General Meeting and are eligible for reappointment. The Board recommends their appointment as the Statutory Auditors of the Company.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

The Company has received a letter from them, stating that the appointment, if made, will be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

With a view to bring in a complete transformational approach in respect of all the employee relations issues, a series of meetings were held between the representatives of the management and the Union. A Memorandum of Understanding has been signed between the parties in February 2012 covering various areas of production and productivity improvements, wage increase, settlement of pending disputes including dropping of several cases pending before various forums raised by both the parties in the past.

In the mutual interest of maintaining industrial peace and harmony, a significant improvement path has been chosen by both the parties by adopting and establishing a productivity linked wage settlement process to achieve the enhanced productivity levels and also certain important principles have been laid for employees participation and earn more by enhancing the productivity levels on an ongoing basis in future. A formal settlement is expected to be signed in due course.

As a part of organisational restructuring several new senior level professionals have been inducted to the company in line with the company's growth path.

CORPORATE SOCIAL OBJECTIVES

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

Large scale tree planting has been carried out on World Environment day by our employees inside the plant as well as in the nearby villages and schools. A tree park has been developed inhouse to grow saplings for distribution to the public.

Under Pricol Rural Development Programme (PRDP), Nithyananda - the gasifier crematorium maintained by our company received good accolades among the public.

CONSERVATION OF ENERGY

Though your company is not a power intensive industry, the company continues its efforts to reduce energy usage by adopting various methods of energy saving and conservation.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company's foreign exchange earnings were ₹ 1,325.521 Million (₹ 1,002.222 Million in 2010-11). The revenue expenditure in foreign currency was ₹ 1,781.206 Million (₹ 1,659.987 Million in 2010-11) and the capital expenditure was ₹ 55.950 Million (₹ 63.544 Million in 2010-11).

The Company will continue its efforts to enhance the export sales.

CHANGE OF REGISTERED OFFICE

The Registered Office of the Company has been shifted from 702/7, Avanashi Road, Coimbatore - 641 037 to CPM Towers, 109, Race Course, Coimbatore - 641 018 with effect from 25th May 2012.

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 Government of India vide its Circular No. 2/2011 dated 8th February 2011 granted general exemption under Section 212(8) of the Companies Act, 1956 from attaching the Balance Sheet and Statement of Profit & Loss and other documents of its subsidiaries and hence the same have not been attached.

As directed by the Central Government, the accounts of the subsidiaries are consolidated with the accounts of the company in accordance with Accounting Standard 21 (AS 21) prescribed by The Institute of Chartered Accountants of India and Listing Agreement prescribed by Securities Exchange Board of India. The consolidated accounts duly audited by the Statutory Auditors and the consolidated balance sheet information 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.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

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 and Companies (Particulars of Employees) Amendment Rules, 2011 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 2012, 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 profit 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 2012, on a going concern basis.

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 this Directors' Report.

The Managing Director and Chief Financial Officer have certified to the Board with regard to the financial statements and other matters as required under clause 49(V) of the Listing Agreement.

Auditors' Certificate regarding compliance of the Corporate Governance is made a part of this Annual Report. All the board members and senior managerial personnel have affirmed compliance with the code of conduct for the year 2011-12.

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 Directors take this opportunity to place on record their appreciation to Denso Corporation, Japan, Customers, Distributors, Dealers, Suppliers, Shareholders, Bankers, Government authorities 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 2012

For and on behalf of the Board
Vijay Mohan
Chairman

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 :

- Design and Development of new technology products.
- Design quality and feature enhancements in existing products.
- Value Engineering & Cost effective alternatives development.
- Developing technology road maps in the key areas such as electro mechanical actuation, sensing and telematics for changing powertrain requirements in the future automobiles.
- Deployment of new technologies in products and processes for growth and for market requirements.
- Foster and build domain expertise in the area of automotive infotainment displays and sensing technologies for green transportation.

In addition it is also engaged in indigenisation and horizontal deployment of technologies either acquired or mutually developed with associates.

The Company has an IPR Cell to proliferate innovation and growth. So far 33 patents and 9 design applications registered are under patent grant process and additional patents under registration review.

(ii) Benefits derived from R & D

- Meeting customer targets on quality, cost and delivery of new products.
- Ensures development and delivery of new products with state of the art technologies.
- Supports in developing new products to meet the target cost and quality through value addition methods.
- Identifies new technologies and production processes, and their deployment horizontally in applicable products.
- Supports safeguarding Intellectual Property Rights (IPR) and Regulations through benchmark studies.

(iii) Future plan of action

- Deploy value engineering ideas across product range for cost reduction and competitiveness, through waste elimination methods.
- Continue collaborative product design and development with customers and suppliers for competitiveness.
- Expand new technology development by collaborating with educational institutions and government organisations for global competitiveness.
- Focus enhanced IPR base across all product design and development processes.

Expenditure on R & D :	2011-12
	(₹ Million)
Capital	97.196
Recurring	220.014
Total	<u>317.210</u>
R & D expenditure as a percentage of sales	<u>3.41 %</u>

ANNEXURES TO DIRECTORS' REPORT (Contd.,)

II. Technology Absorption, Adaptation and Innovation

Imported Technology

The technology imported from Garant GmbH, Germany for the manufacture of new design stepper motor has been fully absorbed. Assembly line has been established. Mass production run and implementation of integration into various types of instrument clusters is under progress.

The technology imported from Mashad Powder Metallurgy Company, Iran to enhance the knowledge of manufacturing powder metal and powder forged components and to implement the same has been fully absorbed.

The technology imported from IAV GmbH Germany, for the manufacture of VANE type Oil Pump and Vacuum Pump is under the initial phase of absorption. Prototype is under progress.

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 & Companies (Particulars of Employees) Amendment Rules, 2011 and forming part of the Report of the Directors for the year ended 31st March, 2012.

Name & (Age)	Designation/ Nature of Duties	Remuneration (₹ in Million)		Qualification & Experience (Years)	Date of Commencement of Employment	Last Employment
		Gross	Net			
Vijay Mohan (64)	Chairman General Management of affairs of the Company	6.811	4.879	Bachelor of Engineering (Mechanical) & Master of Management Science (39)	3rd April, 1973	—

NOTE :

1. Mr.D.Sarath Chandran, Mr.Vijay Mohan, Mrs.Vanitha Mohan and Mr.Vikram Mohan are related to each other. Mr.D.Sarath Chandran is Mr.Vijay Mohan's brother, Mrs.Vanitha Mohan is Mr.Vijay Mohan's wife and Mr.Vikram Mohan is elder son of Mr.Vijay Mohan. Mr.Vijay Mohan holds more than 2% of the equity shares of the Company as on 31st March 2012.
2. The Chairman is appointed for a period from 7th November 2011 to 31st March 2013.
3. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and superannuation fund.
4. Net remuneration is exclusive of contributions 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 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 fairness and transparency in its dealings.

2. Board of Directors :

a. Composition of the Board :

As on 31st March 2012, the company's Board comprised of 12 Directors. The Board consists of 4 (33%) Executive Directors and 8 (67%) Non-Executive Directors, 7 of them are independent. Details are given in the below table. The members of the Board are well experienced professionals and industrialists. The day-to-day management affairs are handled by Mr. Vijay Mohan, Chairman and Mr. Vikram Mohan, Managing Director, subject to the supervision, control and direction of the Board of Directors and assisted by Mrs. Vanitha Mohan, Vice Chairman and Mr. K.Udhaya Kumar, President & Chief Operating Officer. The composition of the Company's Board is in conformity with the Listing Agreement.

b. Category of Directors, Attendance, other directorships and committee membership:

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	3	—	2	—
Mr. C. R. Swaminathan	Non-Executive - Independent	4	—	3	8	—	—	—
Mr. D. Sarath Chandran	Non-Executive - Promoter	4	—	6	—	—	2	—
Mr. Hiroyuki Wakabayashi (From 29th July 2011)	Non-Executive - Independent	—	—	—	—	4	—	—
Mr. Yasushi Nei (Alternate Director to Mr.Hiroyuki Wakabayashi)	Non-Executive - Independent	6	—	1	2	—	—	—
Mr. V. Ramakrishnan	Non-Executive - Independent	6	—	—	—	4	—	—
Mr. R. Vidhya Shankar	Non-Executive - Independent	6	✓	1	—	—	1	—
Mr. G. Soundararajan	Non-Executive - Independent	5	—	—	5	2	—	—
Mr. K. Murali Mohan	Non-Executive - Independent	6	✓	1	—	—	—	—
Mr. K. Udhaya Kumar (President & Chief Operating Officer)	Executive	5	—	1	—	1	—	—
Mr. Vikram Mohan (Managing Director)	Executive - Promoter	6	✓	10	1	—	—	—
Mrs. Vanitha Mohan (Vice Chairman)	Executive - Promoter	6	✓	3	3	—	—	—
Mr. Vijay Mohan (Chairman)	Executive - Promoter	6	✓	10	—	—	1	—
Mr. Mitsuhiro Masegi (Upto 29th July 2011)	Non-Executive - Independent	—	—	—	—	5	—	—

As detailed in the table above, none of the directors is a member of more than Ten Board level Committees of public companies in which they are Directors, nor a Chairman of more than five such Committees.

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

REPORT ON CORPORATE GOVERNANCE (Contd.,)

c. Board Meetings :

The Company, in consultation with the directors, prepares and circulates a tentative annual calendar for the meetings of the Audit Committee / Board in order to assist the directors in planning their schedules to participate in the meetings.

During the year 2011-12, the board met 6 times on 29th April 2011, 30th May 2011, 29th July 2011, 7th November 2011, 6th February 2012 and 30th March 2012 and the gap between two meetings did not exceed four months.

d. Brief note on Directors seeking appointment / reappointment at the ensuing AGM :

Mr. V. Ramakrishnan, 56 years of age, 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 and 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, Performance Board Consulting, Chennai and PT Pricol Surya, Indonesia. He does not hold any shares of the Company.

Mr. G. Soundararajan, 54 years of age, Bachelor of Science from PSG College of Arts and Science, Coimbatore. He is the Vice Chairman of C.R.I. Pumps Private Limited and a Director in Apex Bright Bars (CBE) Private Limited, C.R.I. Amalgamations Private Limited, C.R.I Infrastructures India Private Limited, G4 Investments India Private Limited, C.R.I. Pumps S.A.(PTY) Limited, Bombas C.R.I Espana, S.L., Spain and a Trustee of C.R.I. Charitable trust, Shri K.Gopal Memorial Trust, Coimbatore Masonic Charity Trust and Sri Gopal Naidu Educational Trust. He does not hold any shares of the Company.

Mr. R. Vidhya Shankar, 42 years of age, Bachelor of Commerce and Bachelor of Law from Bharathiar University, Coimbatore. He is a Gold Medalist and holds the record for a very rare first class in Law from the said University. He is a Partner of M/s.Ramani & Shankar, one of the oldest Law Firms in South India and ranked amongst the Top 10 law firms by Business World in the year 2011. He specialises in Corporate Law, including Corporate Transactions, Corporate restructuring, Schemes and Arrangements, Corporate litigations, Domestic and International Arbitrations, Capital Market, FEMA compliances, Cross-border transactions and general corporate advisory services. Several of the litigations where he has been the Counsel on record, are landmark decisions reported in leading Corporate Journals. He is a sought after speaker on various corporate issues and regularly addresses seminars organised by Chamber of Commerce, ICAI, ICSI etc. He has served as Independent Director on the Board of Treads direct Limited. He currently serves as Independent Director on the Board of L.G.Balakrishnan & Brothers limited and also as a Chairman of Remuneration Committee of the said Company. He is the Chairman of the Audit Committee and Member of the Shareholders / Investors Relation Committee of the Company. He does not hold any shares of the Company.

Mr. Hiroyuki Wakabayashi, 56 years of age, Bachelor's Degree in Industrial Analysis Chemistry Section. He is a Executive Director of Denso Corporation. He is also a Director in JECO Co. Ltd., Toyota Info Technology Center Co Ltd, DENSO Wireless Systems America, Inc and Denso Software Shanghai Co Ltd. He does not hold any shares of the Company.

3. Audit Committee :

- a. The Committee is mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with Stock Exchanges and these also conform to provisions of Section 292A of the Companies Act, 1956.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

b. **Composition, Name of Members & Chairman, Meetings held and Members present during the year 2011-12:**

Name of the Member	Category	Date of Meeting / Members present			
		27th May 2011	27th July 2011	5th November 2011	4th February 2012
Mr. R. Vidhya Shankar (Chairman)	Non-Executive - Independent	✓	✓	✓	✓
Mr. C.R. Swaminathan	Non-Executive - Independent	✓	✓	✓	✓
Mr. K. Murali Mohan	Non-Executive - Independent	✓	✓	✓	✓
Mrs. Vanitha Mohan	Executive - Promoter	✓	✓	✓	—

- c. The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, Internal Audit team and the Statutory Auditors of the Company are permanent invitees to the meetings of the Audit Committee. The heads of various monitoring / operating departments are invited to the meetings, as and when required to explain details about the operations.

4. Remuneration Committee :

- a. The Committee is entrusted to determine and recommend to the Board the remuneration including commission, perquisites and benefits payable to the Executive Directors based on overall performance and financial results of the Company during the relevant financial year and in consonance with the existing industrial practice.

b. **Composition, Name of Members / Chairman, Meetings held and Members present during the year 2011-12:**

Name of the Member	Category	Date of Meeting - 7th November, 2011 Members present
Mr. C.R. Swaminathan (Chairman)	Non-Executive - Independent	✓
Mr. K. Murali Mohan	Non-Executive - Independent	✓
Mr. R. Vidhya Shankar	Non-Executive - Independent	✓

c. **Remuneration to Directors :**

The remuneration payable to Executive Directors is determined by the Board on the recommendation of the Remuneration Committee with the approval of the shareholders at the Annual General Meeting. The Company pays remuneration by way of salary, perquisites and benefits (fixed component) and commission (variable component) to its Executive Directors.

The Shareholders have approved remuneration to Non-Executive Directors by way of commission not exceeding one percent of the Net Profits of the Company per annum. The commission will be distributed broadly on the basis of Board Meetings and Committee Meetings attended by the Non-Executive Directors.

The Company does not have any Stock option scheme.

The remuneration paid / payable to the Executive Directors for the year 2011-12 :

₹ Million

Name of the Director	Designation	Service Contract	Salary, perquisites & benefits (Gross)	Commission	Total
Mr. Vijay Mohan	Chairman & Managing Director	1st April 2010 to 6th November 2011	4.067	2.744	6.811
	Chairman	7th November 2011 to 31st March 2013			
Mrs. Vanitha Mohan	Executive Director	1st April 2007 to 6th November 2011	1.067	1.555	2.622
	Vice Chairman	7th November 2011 to 31st March 2013			
Mr. Vikram Mohan	Managing Director	7th November 2011 to 31st March 2013	1.253	0.730	1.983
Mr. K. Udhaya Kumar	President & Chief Operating Officer	1st June 2008 to 31st May 2013	3.223	0.915	4.138

REPORT ON CORPORATE GOVERNANCE (Contd.,)

The remuneration payable to the Non - Executive Directors for the year 2011-12 and the shares held by them are given below:

Name of the Director	Commission (₹ Million)	No. of Shares held on 31st March 2012
Mr. Suresh Jagannathan	0.116	26,985
Mr. C. R. Swaminathan	0.272	1,995
Mr. D. Sarath Chandran	0.131	45,000
Mr. V. Ramakrishnan	0.261	—
Mr. R. Vidhya Shankar	0.340	—
Mr. Yasushi Nei	0.174	—
Mr. G. Soundararajan	0.232	—
Mr. K. Murali Mohan	0.295	—

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive and independent 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 and Mr. R. Vidhya Shankar.

The Committee approves issue of new / duplicate share certificates. The Committee oversee and review all matters connected with share transfers / transmission / demat / remat and other issues pertaining to shares. The Committee also looks into the investor relations / grievances and redressal of the same, on a periodical basis.

The Committee met 4 times during the year on 25th May 2011, 27th July 2011, 3rd November 2011 and 4th February 2012. Non-Executive Director chaired the meetings. Mr. T. G. Thamizhanban, Company Secretary is the Compliance Officer.

During the year, 33 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 :

Year	Date & Time	Special Resolution	Location
2009 - 37th AGM	7th August 2009 4.30 p.m	NIL	Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037.
2010 - 38th AGM	23rd July 2010 4.30 p.m	NIL	
2011 - 39th AGM	19th August 2011 4.30 p.m	NIL	
2011 - EGM	9th December 2011 4.30 p.m	Issue of Share Warrants to PHI Capital Solutions LLP	Chamber Hall, Chamber Towers, 8 / 732, Avinashi Road, Coimbatore - 641 018.

- No Court convened meeting of members was held during the year 2011-12.
- No proposal to conduct Postal Ballot to pass any special resolution.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

7. Disclosures :

- a. Other Non-Current Assets (under Long Term Trade Receivables) includes due from a company, which is a related party, in respect of transaction by way of purchases by the said Company. In terms of payment schedule approved by the Board, the said Company has been making payments. During the year 2011-12, all sales to the said Company were only for cash. The Board continues to monitor the recovery of dues.
- b. The Company has not entered into any materially significant related party transactions that may have potential conflict with the interest of the Company at large. Details of transactions with related parties are provided in Note No.2.45 to Notes to Financial Statements in accordance with the provision of Accounting Standard 18.
- c. There was no instance of non-compliance by the Company on any matters relating to the capital markets, nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority on such matters, during last three years.
- d. The Company does not have any Whistle Blower Policy. However, no person has been denied access to the Audit Committee of the Company.
- e. The Company has complied with all the mandatory requirement of corporate governance norms as enumerated in clause 49 of the listing agreement with the stock exchanges.
- f. The Company has complied the following non-mandatory requirements:
 - 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.
 - Adopted the best practices to ensure a regime of unqualified financial statements.
- g. The Company has not complied with any other non-mandatory requirement.
- h. Transfer of Unclaimed Shares to Separate Account :

In terms of the listing agreement entered with the Stock Exchanges, intimations have been sent to the shareholders to claim the unclaimed shares. Even after the reminders some of the shares have not been claimed by the Shareholders and as per clause 5A of the Listing Agreement entered with the Stock Exchanges these shares have been kept in a separate account.

Number of cases unclaimed : 764, Number of shares unclaimed : 1,077,730 of ₹1/- each.

The unclaimed shareholders are requested to contact the Registrars and Share Transfer Agent for claiming the shares.

8. Means of Communication :

The quarterly / annual financial results of the Company are published in The New Indian Express & Business Line (English) and Dinamani (Tamil). The financial results and the annual reports of the Company are uploaded in the Company's website: www.pricol.com and in the websites: www.corpfilling.co.in, www.bseindia.com and www.nseindia.com

There were no specific presentations made to institutional investors or to analysts during the year.

Management discussion & Analysis forms part of the Annual Report.

9. General Shareholder information :

- a. Annual General Meeting

Date	: 8th August 2012.
Time	: 4.30 p.m.
Venue	: Chamber Hall, Chamber Towers 8 / 732, Avinashi Road, Coimbatore - 641 018
- b. Financial Year : 1st April 2011 to 31st March 2012.
- c. Date of Book Closure : 28th July 2012 to 8th August 2012.
- d. Dividend Payment Date : 9th August 2012.
- e. Listing on Stock Exchanges : National Stock Exchange of India Limited and Bombay Stock Exchange Limited
- f. Stock Code : National Stock Exchange : PRICOL
Bombay Stock Exchange : 526109
- g. International Security Identification Number (ISIN) : INE605A01026

REPORT ON CORPORATE GOVERNANCE (Contd.,)

h. Listing and Custodial Fee :

Annual Listing Fees for the year 2012-13 were paid to National Stock Exchange of India Limited and Bombay Stock Exchange Limited. Custodial Fees to Depositories for the year 2012-13 were paid to National Securities Depository Limited and Central Depository Services (India) Limited.

i. Stock Market Data :

Month	National Stock Exchange				Bombay Stock Exchange			
	Price (₹)		CNX-500 (Points)		Price (₹)		BSE-500 (Points)	
	High	Low	High	Low	High	Low	High	Low
April-11	21.50	16.25	4753.50	4582.30	21.50	16.25	7651.27	7381.56
May-11	20.50	17.10	4632.90	4303.85	21.00	17.75	7463.28	6932.82
June-11	22.10	16.30	4528.00	4220.10	22.25	18.50	7291.32	6789.01
July-11	21.95	19.35	4611.40	4419.60	21.60	19.40	7417.00	7103.90
August -11	20.50	14.75	4476.95	3833.70	19.95	15.20	7197.91	6165.06
September-11	17.00	15.25	4175.65	3860.55	17.10	15.40	6711.06	6208.73
October-11	16.80	14.70	4236.05	3817.35	16.65	14.70	6796.79	6135.65
November-11	15.85	13.30	4228.55	3672.55	15.80	13.40	6787.42	5899.25
December-11	15.20	12.50	3997.25	3535.85	14.95	12.40	6416.65	5683.02
January-12	16.75	12.70	4092.70	3568.75	16.10	12.15	6562.69	5734.21
February-12	24.75	13.50	4465.25	4062.25	22.50	15.00	7166.28	6522.13
March-12	19.35	16.20	4365.50	4089.75	19.35	16.25	7001.32	6556.03

j. 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 all aspects of investor servicing relating to shares in both physical and demat form.

k. Share Transfer System :

The Company's shares are required to be compulsorily traded in the Stock Exchanges in dematerialised form. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time, if the documents are complete in all respects. Physical shares received for dematerialisation are processed and completed within the stipulated time if the documents are complete in all respects. Bad deliveries are promptly returned to Depository Participants (DP's) under advice to shareholders. The Company obtains from M/s. S.Krishnamurthy & Co., Company Secretaries, Chennai the following certificates :

- Pursuant to clause 47(c) of the listing agreement with the stock exchanges, on half-yearly basis, for due compliance of share transfer formalities by the Company through RTA.
- Pursuant to SEBI (Depositories and Participants) Regulations, 1996, on quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued / paid-up capital of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

i. Shareholding pattern as on 31st March 2012 :

Shares held by	No. of holders	No. of shares	% to Total Paid-up Capital
Promoters & Associates	23	32,093,946	35.66
Foreign Collaborator - DENSO Corporation, Japan	1	11,250,000	12.50
Non-Resident Indians	243	985,720	1.10
Banks / Indian Financial Institutions	2	142,875	0.16
Insurance Companies	1	268,966	0.30
Bodies Corporate	644	4,904,963	5.45
Mutual Funds	3	3,229,830	3.59
Public	28,169	37,123,700	41.24
Total	29,086	90,000,000	100.00

m. Distribution of Shareholding as on 31st March 2012 :

Shareholding (Range)	No. of holders	No. of shares	% to Total Paid-up Capital
Upto 500	19,918	4,137,605	4.60
501 to 1000	3,647	3,096,606	3.44
1001 to 2000	2,276	3,527,811	3.92
2001 to 3000	1,051	2,685,723	2.98
3001 to 4000	424	1,528,049	1.70
4001 to 5000	470	2,175,460	2.42
5001 to 10000	708	5,198,294	5.78
10001 and above	592	67,650,452	75.16
Total	29,086	90,000,000	100.00

n. Dematerialisation of shares and liquidity as on 31st March 2012 :

Shares of the Company can be held and traded in Electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialised form.

Particulars	No. of holders	% of No. of holders	No. of shares	% of Total Paid-up Capital
i) National Securities Depository Ltd (NSDL)	19,843	68.22	66,270,326	73.63
ii) Central Depository Services (India) Ltd (CDSL)	7,658	26.33	7,956,630	8.84
Demat form (i + ii)	27,501	94.55	74,226,956	82.47
iii) Physical form	1,585	5.45	15,773,044	17.53
Total	29,086	100.00	90,000,000	100.00

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

- o. As on 31st March 2012, 4,500,000 convertible share warrants of ₹ 1/- each, issued to M/s.PHI Capital Solutions LLP with each warrant convertible into one equity share of ₹ 1/- each of the company within eighteen months from the date of allotment for a price of ₹ 18/- per warrant (including a premium of ₹17/-), is outstanding. As per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the company has received 25% of value of the warrants on allotment. There are no outstanding GDRs / ADRs.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

p. **Address for correspondence**

Registrar & Transfer Agents

Integrated Enterprises (India) Limited,
2nd Floor, "KENCES" Towers,
No.1, Ramakrishna Street, North Usman Road,
T. Nagar, Chennai - 600 017, India.
Phone : +91 44 28140801-03
Fax : +91 44 28142479
Email : corpseiv@iepindia.com

Company

Secretarial Department,
Pricol Limited,
CPM Towers, 109, Race Course,
Coimbatore - 641 018, India.
Phone : + 91 422 4336238 / 6272
Fax : + 91 422 4336299
Email : cs@pricol.co.in

q. **Website address**

: www.pricol.com

r. **Name of the Compliance Officer**

: Mr. T. G. Thamizhanban, Company Secretary

For and on behalf of the Board

Coimbatore
29th May 2012

Vijay Mohan
Chairman

CODE OF CONDUCT

The Company has laid down a code of conduct for all Board members and senior management personnel. The code of conduct is available on the website of the Company www.pricol.com. The declaration of the Chairman is given below:

Declaration

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 2012.

Coimbatore
29th May 2012

Vijay Mohan
Chairman

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 31st March 2012, 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 2012

For Haribhakti & Co.
Chartered Accountants
Firm Regn. No.103523W
C.S.Sathyarayanan
Partner
Membership No. 028328

TEN YEARS PERFORMANCE AT A GLANCE

OPERATING RESULTS

₹ Million

Year Ended 31st March	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net Sales & Services										
- Domestic	2,635.61	3,295.05	3,891.32	4,217.01	4,809.48	4,803.69	4,765.51	6,338.06	7,100.16	7,886.74
- Export	348.38	409.24	598.36	599.87	1,024.35	1,260.94	1,375.25	1,085.86	1,062.93	1,428.05
Total Net Sales & Services	2,983.99	3,704.29	4,489.68	4,816.88	5,833.83	6,064.63	6,140.76	7,423.92	8,163.09	9,314.79
Gross Surplus from Operation	542.71	785.61	890.31	778.13	954.17	763.11	335.34	909.50	768.73	737.32
Other Income	8.24	11.91	19.45	29.30	30.36	69.41	42.28	33.30	57.15	21.47
Depreciation & Amortisation Expense (a)	188.83	205.47	218.90	256.60	295.92	327.19	364.91	351.78	337.04	291.91
Finance Costs (b)	105.13	80.02	68.33	121.87	180.48	287.00	395.51	316.45	273.12	297.92
Exceptional Items (Net)	—	—	—	—	—	—	—	—	—	494.20
Profit / (Loss) Before Tax (PBT) (c)	256.99	512.03	622.53	428.96	508.13	218.33	(382.80)	274.57	215.72	663.16
Tax Provision incl. Deferred Tax	105.00	176.00	210.00	125.87	146.00	27.50	(82.56)	19.77	(15.43)	99.00
Profit / (Loss) After Tax (PAT) (d)	151.99	336.03	412.53	303.09	362.13	190.83	(300.24)	254.80	231.15	564.16
Dividend (including Tax) (e)	40.61	60.92	102.62	102.62	105.30	63.18	—	41.98	62.76	83.68
Retained Profit / (Loss)	111.38	275.11	309.91	200.47	256.83	127.65	(300.24)	212.82	168.39	480.48
As at 31st March	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

SOURCES OF FUNDS

Share Capital	60.00	60.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Reserves & Surplus	899.20	918.96	1,163.81	1,394.06	1,650.89	1,778.54	1,478.30	1,691.12	1,859.51	2,339.99
Money received against Share Warrants	—	—	—	—	—	—	—	—	—	20.25
Networth (f)	959.20	978.96	1,253.81	1,484.06	1,740.89	1,868.54	1,568.30	1,781.12	1,949.51	2,450.24
Deferred Tax Liability / (Asset)	110.19	103.19	93.19	87.19	67.19	37.19	(29.81)	(56.81)	7.00	51.00
Loan Funds (g)	1,194.32	1,152.34	1,558.71	2,334.16	2,979.65	3,250.60	3,090.05	2,559.98	2,380.60	1,738.56
Total Capital Employed (h)	2,263.71	2,234.49	2,905.71	3,905.41	4,787.73	5,156.33	4,628.54	4,284.29	4,337.11	4,239.80

APPLICATION OF FUNDS

Gross Fixed Assets	2,250.45	2,538.82	3,130.38	3,505.33	4,186.60	4,741.85	4,972.66	5,127.37	5,138.11	5,043.79
Depreciation	1,044.06	1,241.42	1,326.63	1,502.76	1,794.99	2,119.56	2,461.98	2,804.32	2,979.66	3,130.63
Net Fixed Assets	1,206.39	1,297.40	1,803.75	2,002.57	2,391.61	2,622.29	2,510.68	2,323.05	2,158.45	1,913.16
Investments	80.15	76.50	49.83	277.74	243.74	182.91	182.91	252.41	252.41	302.41
Net Current Assets	977.17	860.59	1,052.13	1,625.10	2,152.38	2,351.13	1,934.95	1,708.83	1,926.25	2,024.23
Net Assets Employed	2,263.71	2,234.49	2,905.71	3,905.41	4,787.73	5,156.33	4,628.54	4,284.29	4,337.11	4,239.80

PERFORMANCE INDICATORS

Equity shares (Nos. in Mn) (i)	6.00	6.00	@ 90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Earnings per share (EPS) (₹) (d/i)	25.33	56.01	# 4.58	3.37	4.02	2.12	(3.34)	2.83	2.57	6.27
Diluted Earnings per share (₹)	25.33	56.01	4.58	3.37	4.02	2.12	(3.34)	2.83	2.57	6.18
Dividend per share (₹)	6.00	9.00	1.00	1.00	1.00	0.60	—	0.40	0.60	0.80
Networth per share (NWPS) (₹) (f/i)	159.87	163.16	# 13.93	16.49	19.34	20.76	17.43	19.79	21.66	27.22
Return on Average Networth (RONW) (%) *	15.64	34.68	36.95	22.14	22.46	10.57	(17.47)	15.21	12.39	25.65
Return on Average Capital Employed (ROCE) (%) **	16.22	26.32	26.88	16.17	15.84	10.16	0.26	13.26	11.34	22.41
Total Debt to Networth (g/f)	1.25	1.18	1.24	1.57	1.71	1.74	1.97	1.44	1.22	0.71
Interest Coverage Ratio (a+b+c)/b	5.24	9.97	13.32	6.63	5.46	2.90	0.95	2.98	3.02	4.21

@ 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 ₹ 10/- per share to ₹ 1/- per share on 15th July 2004.

Earnings per share and Networth 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.

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

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

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS

- 1) We have audited the attached Balance Sheet of Pricol Limited, Coimbatore as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
- 2) 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of the written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being

appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give 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, 2012;
 - b) in the case of the Statement of Profit and Loss, of the Profit 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.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W
C. S. Sathyanarayanan
Partner

Coimbatore
29th May 2012

Membership No. 028328

Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Pricol Limited on the financial statements for the year ended 31st March, 2012]

- 1)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- 2)
 - (a) The inventory (including stocks with third parties) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

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

- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- 3) (a) The Company has granted loan to three companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 104.876 Million and the year end balance of loans granted to such parties was ₹ 41.650 Million.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the company.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii) (f) and (g) of the order are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- 5) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.
- (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 value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and rules framed there under.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- 9) (a) 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 material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

(c) According to the records of the Company, the dues outstanding of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess on account of any dispute, are as follows:

Sl. No.	Name of the Statute	Period to which the amount relates	Nature of the Dues	Amount disputed ₹ Million	Amount paid ₹ Million	Forum where dispute is pending
1.	Central Excise Act / Customs Act	1990-2012	i) Excise Duty	23.131	Nil	Supreme Court
			ii) Excise Duty	15.630	Nil	High Court
			iii) Excise Duty	7.009	Nil	CESTAT
			iv) Excise Duty	0.678	Nil	Joint Secretary, Finance Ministry
			v) Excise Duty	0.163	Nil	Commissioner (Appeals)
			vi) Excise Duty	2.979	Nil	Departmental adjudication
			vii) Service Tax	119.496	Nil	CESTAT
			viii) Service Tax	2.236	Nil	Commissioner (Appeals)
			ix) Service Tax	28.688	Nil	Departmental adjudication
			x) Customs Duty	0.910	Nil	Joint Secretary, Finance Ministry
2.	Sales Tax Act	1995-1997	i) Sales Tax	13.325	Nil	Interim stay granted by High Court
			ii) Penalty	19.988	Nil	

- 10) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 15) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.
- 16) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment.
- 18) According to the information and explanation given to us, 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) According to the information and explanations given to us, no debentures have been issued by the company during the year.
- 20) The Company has not raised money by way of public issue during the year.
- 21) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W
C. S. Sathyanarayanan
Partner
Membership No. 028328

Coimbatore
29th May 2012

BALANCE SHEET AS AT 31st MARCH 2012

	Note No.	31-3-2012 ₹ Million	31-3-2011 ₹ Million
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2.1	90.000	90.000
(b) Reserves and Surplus	2.2	2,339.989	1,859.509
(c) Money received against Share Warrants		20.250	—
(2) Non Current Liabilities			
(a) Long Term Borrowings	2.3	595.962	1,183.499
(b) Deferred Tax Liabilities (Net)	2.4	51.000	7.000
(c) Long Term Provisions	2.5	32.623	41.460
(3) Current Liabilities			
(a) Short Term Borrowings	2.6	206.075	717.086
(b) Trade Payables	2.7	1,917.650	1,588.892
(c) Other Current Liabilities	2.8	1,274.684	751.138
(d) Short Term Provisions	2.9	238.644	97.435
Total		6,766.877	6,336.019
II. ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	2.10		
(i) Tangible Assets		1,822.472	2,068.044
(ii) Intangible Assets		75.267	72.038
(iii) Capital Work-in-progress		15.422	18.371
(b) Non Current Investments	2.11	302.407	252.407
(c) Long Term Loans and Advances	2.12	33.036	34.949
(d) Other Non-Current Assets	2.13	548.888	483.063
(2) Current Assets			
(a) Inventories	2.14	1,337.930	1,325.518
(b) Trade Receivables	2.15	1,800.875	1,702.141
(c) Cash and Cash Equivalents	2.16	684.669	93.091
(d) Short Term Loans and Advances	2.17	131.694	274.443
(e) Other Current Assets	2.18	14.217	11.954
Total		6,766.877	6,336.019

Significant Accounting Policies & Notes to Financial Statements 1 & 2

As per our report of date attached
For Haribhakti & Co.
Chartered Accountants
Firm Regn. No.103523W
C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 29th May 2012

Vijay Mohan
Chairman

J. Sridhar
Vice President & CFO

For and on behalf of the Board

Vanitha Mohan
Vice Chairman

Vikram Mohan
Managing Director

T.G. Thamizhanban
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2012

	Note No.	2011-12 ₹ Million	2010-11 ₹ Million
INCOME			
Revenue from Operations (Gross)	2.19	10,291.373	9,066.449
Less : Excise Duty		641.972	639.119
Revenue from Operations (Net)		9,649.401	8,427.330
Other Income	2.20	21.465	57.147
Total Revenue		9,670.866	8,484.477
EXPENSES			
Cost of Materials Consumed	2.21	6,226.176	5,421.177
Purchases of Stock-in-Trade		312.754	249.229
Changes in inventories of Work-in-progress & Finished Goods	2.22	23.826	21.334
Employee Benefits Expense	2.23	1,258.940	1,111.726
Finance Costs	2.24	297.921	273.116
Depreciation & Amortisation Expense		291.911	337.040
Other Expenses	2.25	1,090.381	855.132
Total Expenses		9,501.909	8,268.754
Profit from operations before Exceptional Items and Tax		168.957	215.723
Add : Exceptional items (Net)	2.31	494.203	—
Profit Before Tax		663.160	215.723
Less : Tax expense			
Current Tax		141.000	43.490
Deferred Tax		44.000	63.810
MAT Credit		(86.000)	(43.490)
For earlier years		—	(79.235)
Profit for the year		564.160	231.148
Earnings per Equity Share (Face Value of ₹ 1/-) in Rupees	2.32		
Basic		6.27	2.57
Diluted		6.18	2.57

As per our report of date attached
For Haribhakti & Co.
Chartered Accountants
Firm Regn. No.103523W
C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 29th May 2012

Vijay Mohan
Chairman

J. Sridhar
Vice President & CFO

For and on behalf of the Board

Vanitha Mohan
Vice Chairman

Vikram Mohan
Managing Director

T.G. Thamizhanban
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	2011-12 ₹ Million	2010-11 ₹ Million
A. Cash flow from operating activities :		
Net Profit Before Tax	663.160	215.723
Adjustments for :		
Depreciation & Amortisation Expense	291.911	337.040
Bad debts written off	3.398	4.647
Provision for doubtful debts (Net)	5.902	2.487
Profit on sale of assets (Net)	(2.165)	(44.403)
Profit on sale of undertaking	(592.703)	—
Exchange Fluctuation (Gain) / Loss on Re-statement	10.262	8.375
Interest received	(6.032)	(8.693)
Finance Costs	297.921	273.116
Income from Current Investments	(0.373)	(0.096)
	<u>8.121</u>	<u>572.473</u>
Operating profit before working capital changes	<u>671.281</u>	<u>788.196</u>
Adjustments for :		
Trade and other receivables	(192.514)	(222.109)
Inventories	(128.273)	(75.297)
Trade and other payables	647.432	108.541
	<u>326.645</u>	<u>(188.865)</u>
Cash generated from Operations	<u>997.926</u>	<u>599.331</u>
Direct taxes	(99.636)	1.317
Net cash from operating activities	<u>898.290</u>	<u>600.648</u>
B. Cash flow from investing activities :		
Purchase of Fixed Assets	(244.432)	(194.086)
Sale of Fixed Assets	10.835	62.800
Sale of undertaking	734.000	—
Interest received	6.032	8.693
Money received against Share Warrant	20.250	—
Purchase of Investments	(1,013.000)	(493.200)
Sale of Investments	963.373	493.296
Net cash (used in) / from investing activities	<u>477.058</u>	<u>(122.497)</u>
C. Cash flow from financing activities :		
Long Term Borrowings	25.544	(530.930)
Unsecured Loans & Deposits	(46.662)	131.202
Working Capital Borrowings	(409.110)	215.327
Dividend & Tax on Dividend paid	(62.313)	(41.780)
Finance Costs paid	(291.229)	(277.016)
Net Cash used in financing activities	<u>(783.770)</u>	<u>(503.197)</u>
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	<u>591.578</u>	<u>(25.046)</u>
Cash and cash equivalents as at 1.4.2011 and 1.4.2010 (Opening balance)	93.091	118.137
Less : Bank Balances not considered as Cash and cash equivalents as per Accounting Standard AS 3	131.444	74.641
Cash and cash equivalents as at 31.3.2012 and 31.3.2011 (Closing balance)	<u>553.225</u>	<u>18.450</u>

As per our report of date attached
For Haribhakti & Co.

Chartered Accountants
Firm Regn. No.103523W

C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 29th May 2012

Vijay Mohan
Chairman

J. Sridhar
Vice President & CFO

For and on behalf of the Board

Vanitha Mohan
Vice Chairman

Vikram Mohan
Managing Director

T.G. Thamizhanban
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

1. SIGNIFICANT ACCOUNTING POLICIES

I. 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.

II. 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.
- b) Own manufactured assets are capitalised at cost including appropriate share of overheads.
- 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 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
- d) As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine;
 - i) the provision for impairment loss, if any, required or;
 - 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.

III. 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) Provision for diminution in value of long term investments is made, if the diminution is other than temporary.

IV. 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 & other Manufacturing overheads

V. 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 despatch 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 Statement of Profit and Loss as and when the claims are accepted.
- e) Price Increase / Decrease consequent to fluctuations in market prices, are accounted as and when the same are approved by the customers.

VI. 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 Statement of Profit & Loss.

SIGNIFICANT ACCOUNTING POLICIES (Contd..)

- 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 Statement of Profit and Loss.

VII. 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.

VIII. Employee Benefits :

- a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss.
- 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.

IX. 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.

X. 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.

XI. Accounting Standards :

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

XII. Operating Leases :

The premium paid for leasehold rights are amortised over the lease period. The annual lease payments are charged off to the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

2. As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended 31st March, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified / regrouped wherever necessary to conform to the requirements of Revised Schedule VI.

2.1. SHARE CAPITAL	31-3-2012	31-3-2011
	₹ Million	₹ Million
Authorised		
100,000,000 Equity Shares of ₹ 1/- each	100.000	100.000
Issued, Subscribed and Paid-up		
90,000,000 Equity Shares of ₹ 1/- each fully paid-up	90.000	90.000

Reconciliation of the Shares Outstanding at the beginning and at the end of the reporting period:

Equity Shares	31-3-2012		31-3-2011	
	No. of Shares	₹	No. of Shares	₹
	(in Million)	Million	(in Million)	Million
At the beginning / closing of the period	90.000	90.000	90.000	90.000

Terms / rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Details of Shareholders holding more than 5% shares in the company:

	31-3-2012		31-3-2011	
	No. of Shares	% held	No. of Shares	% held
Equity Shares of ₹ 1/- each fully paid				
- DENSO Corporation, Japan	11,250,000	12.50%	11,250,000	12.50%
- Vijay Mohan	9,544,440	10.60%	9,544,440	10.60%
- Viren Mohan	6,522,615	7.25%	6,522,615	7.25%
- Precot Meridian Limited	5,462,250	6.07%	5,462,250	6.07%

The Company has during the year issued 4,500,000 Share Warrants of ₹ 1/- each on preferential basis with each warrant convertible into one equity shares of the company, for a price of ₹ 18/- per share (including a premium of ₹ 17/-). The share warrants are convertible into equity shares of the company within eighteen months from the date of allotment. As per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the company has received 25% of value of the warrants on allotment.

2.2. RESERVES & SURPLUS	31-3-2012	31-3-2011
	₹ Million	₹ Million
Securities Premium Account	181.000	181.000
General Reserve		
Opening Balance	1,563.909	1,438.909
Add : Transfer from Surplus in the Statement of Profit & Loss	450.000	125.000
	2,013.909	1,563.909
Surplus in the Statement of Profit & Loss		
Opening Balance	114.600	71.212
Add : Profit for the year	564.160	231.148
Less : Appropriations :-		
: Dividend - 80% (40% plus special dividend of 40% from profit on sale of unit) (Previous year - 60%)	72.000	54.000
: Tax on Dividend	11.680	8.760
: Transfer to General Reserve	450.000	125.000
	145.080	114.600
	2,339.989	1,859.509

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.3. LONG TERM BORROWINGS

	Non-current portion		Current Maturities	
	31-3-2012 ₹ Million	31-3-2011 ₹ Million	31-3-2012 ₹ Million	31-3-2011 ₹ Million
Secured Loans :				
a. Rupee Term Loans from Banks	558.400	1,090.998	884.137	430.977
b. Rupee Term Loan from Others	3.151	7.205	2.127	3.091
Unsecured Loans :				
Rupee Term Loan from Others	34.411	85.296	50.259	45.950
	595.962	1,183.499	936.523	480.018

Corporate Loan of ₹ 130 Mn. from Indian Bank is repayable in 6 quarterly instalments of ₹ 20 Mn. per quarter for 11 instalments and the final instalment for ₹ 10 Mn. Interest is payable on monthly basis. The loan is secured by (a) hypothecation of specific Plant and Machineries located at Plant I, Perianaickenpalayam, Coimbatore and Vavipalayam, Tirupur District, Tamilnadu and (b) Pari-passu first charge on the specific immovable properties situated at Perianaickenpalayam, Billichi, Poochiyur Villages in Coimbatore District and Vavipalayam, Tirupur District, Tamilnadu. Present Outstanding as on 31st March, 2012 is ₹ 130 Mn. (Previous year - ₹ 320 Mn.)

Term Loan of ₹ 141.737 Mn. from Indian Bank is repayable in 24 monthly instalments of ₹ 6 Mn. per month for 23 instalments and the final instalment for ₹ 3.737 Mn. Interest is payable on monthly basis. The loan is secured by (a) hypothecation of specific Plant and Machineries located at Plant I, Perianaickenpalayam, Coimbatore, Plant II, IMT Manesar, Gurgaon, Plant VI and Plant VII Rudrapur, Uttarakhand, and (b) Pari-passu first charge on the immovable properties situated at Perianaickenpalayam, Billichi, Poochiyur Villages in Coimbatore District and Vavipalayam, Tirupur District, in Tamilnadu. Present Outstanding as on 31st March, 2012 is ₹ 57.914 Mn. (Previous year - ₹ 44.577 Mn.)

Corporate Loan of ₹ 400 Mn. from State Bank of India is repayable in 34 monthly instalments of ₹ 11.800 Mn. per month for 33 instalments and the final instalment for ₹ 10.600 Mn. Interest is payable on monthly basis. The loan is secured by (a) First Charge on the Current Assets of the company on pari-passu basis and (b) Pari-passu second charge on the specific land and building situated at Perianaickenpalayam, Coimbatore District and Udhagamandalam, Nilgiris District, Tamilnadu. Present Outstanding as on 31st March, 2012 is ₹ 400 Mn. (Previous year - Nil.)

Term Loan of ₹ 500 Mn. from Indian Overseas Bank is repayable in 60 monthly instalments of ₹ 8.334 Mn. per month. Interest is payable on monthly basis. The loan is secured by (a) hypothecation of specific plant and machineries located at Plant I, Perianaickenpalayam, Plant III - Billichi, and Poochiyur in Coimbatore District, Plant II, IMT Manesar, Gurgaon, Haryana and Plant VI & VII, Rudrapur, Uttarakhand and (b) exclusive charge on the land and building of Plant VII, Rudrapur, Uttarakhand. Present Outstanding as on 31st March, 2012 is ₹ 350 Mn. (Previous year - ₹ 450 Mn.)

Term Loan of ₹ 290 Mn. from Canara Bank is repayable in 30 quarterly instalments of ₹ 3.625 Mn. for the first 2 quarters, ₹ 1.813 Mn. for 4 quarters, ₹ 3.625 Mn. for next 4 quarters, ₹ 14.50 Mn. for next 16 quarters and ₹ 7.25 Mn. for 4 quarters. Interest is payable on monthly basis. The loan is secured by (a) hypothecation of specific plant and machineries located at Plant I, Perianaickenpalayam, Plant III - Billichi, and Poochiyur in Coimbatore District, Plant II, IMT Manesar, Gurgaon, and Plant VI & VII, Rudrapur, Uttarakhand and (b) exclusive charge on the land and building of Plant II, IMT Manesar, Gurgaon, Haryana. Present Outstanding as on 31st March, 2012 is ₹ 264.623 Mn. (Previous year - ₹ 275.498 Mn.)

Term Loan of ₹ 600 Mn. from Andhra Bank is repayable in 20 quarterly instalments of ₹ 30 Mn. per quarter. Interest is payable on monthly basis. The loan is secured by (a) pari-passu first charge on land and building situated at Plant I, Perianaickenpalayam, Coimbatore, Udhagamandalam, Nilgiris and (b) exclusive charge on the land and building situated at Plant III - Billichi, Coimbatore. Present Outstanding as on 31st March, 2012 is ₹ 240 Mn. (Previous year - ₹ 360 Mn.)

Secured Term Loans from Others of ₹ 35.326 Mn. from Maruti Udyog Limited is repayable in 48 to 84 monthly equated instalments with interest. The loan is secured by hypothecation of specific vehicles purchased out of the loan. Present Outstanding as on 31st March, 2012 is ₹ 5.277 Mn. (Previous year - ₹ 10.296 Mn.)

Unsecured Term Loans from Others of ₹ 150 Mn. from Bajaj Finance Limited is repayable in 37 monthly equated instalments of ₹ 4.875 Mn. with interest. The loan is against Demand Promissory Note and Post dated cheques for the loan amount. Present Outstanding as on 31st March, 2012 is ₹ 84.671 Mn. (Previous year - ₹ 131.246 Mn.)

Interest for the above Term loans range between 12% to 14.75% per annum.

2.4. DEFERRED TAX

		31-3-2012 ₹ Million	31-3-2011 ₹ Million
Deferred Tax Liability			
Fixed Assets		122.198	133.624
	A	122.198	133.624
Deferred Tax Asset			
Disallowance under the Income Tax Act		71.198	55.509
Unabsorbed Depreciation / Business loss		—	71.115
	B	71.198	126.624
Net Deferred Tax Liability	A - B	51.000	7.000

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	31-3-2012 ₹ Million	31-3-2011 ₹ Million
2.5. LONG TERM PROVISIONS		
For Gratuity	—	8.837
For Central Excise Demands	32.289	32.289
For Other Taxes	0.334	0.334
	<u>32.623</u>	<u>41.460</u>
2.6. SHORT TERM BORROWINGS		
Secured Loans		
Working Capital Facilities from Banks		
- In Rupee	55.933	402.800
- In Foreign Currency	150.142	314.286
	<u>206.075</u>	<u>717.086</u>
<p>Working Capital Facilities from Andhra Bank, State Bank of India, Indian Overseas Bank, ICICI Bank Limited, Indian Bank, Canara Bank, The Bank of Nova Scotia and IDBI Bank Limited, are secured by pari-passu first charge on stock of raw materials, finished goods, consumable stores & spares, work-in-progress and book debts of the company.</p> <p>Working Capital Facilities from Andhra Bank, State Bank of India, Indian Overseas Bank and ICICI Bank Limited are further secured by pari-passu second charge on the specific immovable properties situated at Plant I - Perianaickenpalayam, Coimbatore District, Udthagamandalam, Nilgiris District, Tamilnadu.</p> <p>Working Capital Facilities from The Bank of Nova Scotia and IDBI Bank Limited are further secured by pari-passu second charge on the immovable properties situated at Plant III - Billichi Village, Coimbatore District, Tamilnadu.</p> <p>Working Capital Facilities from Canara Bank is further secured by pari-passu second charge on the immovable properties situated at Plant II, IMT Manesar, Gurgaon, Haryana.</p> <p>Working Capital Facilities from Banks are repayable on demand and carries interest rates varying from 12.75% to 14.00% per annum. Packing Credit in Foreign Currency is repayable on demand and carries interest LIBOR plus 200 to 350 bps.</p>		
2.7. TRADE PAYABLES		
Trade Payables *	1,917.650	1,588.892
	<u>1,917.650</u>	<u>1,588.892</u>
<p>* Trade Payables includes Dues to Micro, Small and Medium Enterprises amounting to ₹ 21.359 Mn. (Previous year - ₹ 24.216 Mn.)</p> <p>There are no interest amounts paid / payable on account of overdue payments to Micro, Small and Medium Enterprises. The information in relation to dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.</p>		
2.8. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt (Refer to Note No. 2.3)	936.523	480.018
Interest Accrued but not due on loans	16.229	9.537
Unclaimed Dividend	5.057	4.610
Unclaimed Deposits including interest	0.039	0.125
Duties and Taxes Payable	17.199	31.440
Other Payables	299.637	225.408
	<u>1,274.684</u>	<u>751.138</u>
2.9. SHORT TERM PROVISIONS		
For Leave Encashment	15.464	12.316
For Gratuity	—	8.870
For Labour Settlement	98.500	—
For Taxation (Net)	41.000	13.489
For Dividend	72.000	54.000
For Tax on Dividend	11.680	8.760
	<u>238.644</u>	<u>97.435</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.10. FIXED ASSETS

	Gross Block			Balance as on 31-3-2012	Depreciation / Amortisation			Net Block		
	Cost as on 1-4-2011	Additions during 2011-12	Sales/transfer during 2011-12 *		Upto 31-3-2011	For 2011-12	Withdrawn during 2011-12	Total upto 31-3-2012	Written down Value as on 31-3-2012	Value as on 31-3-2011
Tangible Assets										
Freehold Land	101.581	7.436	9.673	99.344	—	—	—	—	99.344	101.581
Leasehold Land	26.879	—	—	26.879	0.969	0.271	—	1.240	25.639	25.910
Buildings	1,129.789	1.148	142.132	988.805	277.762	37.198	31.879	283.081	705.724	852.027
Plant & Machinery	3,220.114	214.189	165.166	3,269.137	2,257.390	220.438	96.014	2,381.814	887.323	962.724
Computer Equipments	339.209	9.805	4.563	344.451	277.114	16.503	3.816	289.801	54.650	62.095
Furniture and Fittings	45.940	0.287	0.368	45.859	23.336	2.508	0.154	25.690	20.169	22.604
Office Equipments	3.437	0.204	0.069	3.572	1.869	0.172	0.018	2.023	1.549	1.568
Vehicles	69.794	1.341	12.995	58.140	30.259	5.269	5.462	30.066	28.074	39.535
Total Tangible Assets	4,936.743	234.410	334.966	4,836.187	2,868.699	282.359	137.343	3,013.715	1,822.472	2,068.044
Intangible Assets										
Computer Software	92.907	12.971	0.455	105.423	70.671	9.552	0.432	79.791	25.632	22.236
Technical Knowhow	90.090	—	3.332	86.758	40.288	—	3.165	37.123	49.635	49.802
Total Intangible Assets	182.997	12.971	3.787	192.181	110.959	9.552	3.597	116.914	75.267	72.038
Total	5,119.740	247.381	338.753	5,028.368	2,979.658	291.911	140.940	3,130.629	1,897.739	2,140.082
Previous year	5,097.976	201.858	180.094	5,119.740	2,804.315	337.040	161.697	2,979.658		
Capital Work-in-progress									15.422	18.371
Total Assets									1,913.161	2,158.453

* Includes Assets sold to Pricol Pune Limited on a going concern basis under Slump Sale Method. Refer Note No. 2.31.(a).

Note : Additions to Fixed Assets includes Capital Expenditure on Research & Development of ₹ 97.196 Mn. (Previous year 2010-11 - ₹ 60.871 Mn.)

2.11. NON CURRENT INVESTMENTS

	31-3-2012 ₹ Million	31-3-2011 ₹ Million
1. Shares in Subsidiary Company - Non Trade - Unquoted :		
2,250,000 Equity Shares of ₹ 10/- each fully paid-up in Integral Investments Limited	22.500	22.500
2. Shares in Subsidiary Company - Trade - Unquoted :		
a) 14,883,700 Equity Shares of ₹ 10/- each fully paid-up in Pricol Castings Limited (Formerly English Tools and Castings Limited)	162.000	162.000
b) 1,500 Equity Shares of USD 1,000 each fully paid-up in PT Pricol Surya, Indonesia	67.907	67.907
3. Shares in Joint Venture - Trade - Unquoted :		
5,000,000 Equity Shares of ₹ 10/- each fully paid-up in Pricol Pune Private Limited (Extent of Holding - 50%)	50.000	—
Aggregate Cost of Un-Quoted Investments (long term)	302.407	252.407

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	31-3-2012 ₹ Million	31-3-2011 ₹ Million
2.12. LONG TERM LOANS AND ADVANCES		
Unsecured considered good		
Capital Advances	9.744	3.250
Deposits	23.292	21.397
Deposits to related parties (Refer to Note No. 2.45)	—	10.302
Unsecured considered doubtful	1.305	1.305
Less : Provision for Doubtful Deposits	1.305	—
	<u>33.036</u>	<u>34.949</u>
2.13. OTHER NON CURRENT ASSETS		
Unsecured Considered Good		
Long Term Trade Receivables	363.789	369.977
Loans to Employees	0.382	0.516
Tax Payments Pending Adjustment (Net)	8.456	22.309
MAT Credit Entitlement	176.261	90.261
	<u>548.888</u>	<u>483.063</u>
2.14. INVENTORIES		
Stock of Stores & Spares	26.797	30.277
Raw Materials & Components (includes Goods in Transit of ₹ 145.604 Mn.)	904.709	864.991
Work-in-progress	141.864	196.887
Finished Goods	154.758	123.561
Land - Stock in Trade	109.802	109.802
	<u>1,337.930</u>	<u>1,325.518</u>
2.15. TRADE RECEIVABLES		
a) Outstanding for a period exceeding six months		
i) Unsecured Considered Good	194.471	118.942
ii) Unsecured Considered Doubtful	33.094	37.484
Less : Provision for Doubtful Debts	33.094	37.484
b) Outstanding for a period less than six months		
i) Unsecured Considered Good	1,606.404	1,583.199
ii) Unsecured Considered Doubtful	32.333	18.643
Less : Provision for Doubtful Debts	32.333	18.643
	<u>1,800.875</u>	<u>1,702.141</u>
2.16. CASH AND CASH EQUIVALENTS		
Cash on hand	1.707	0.986
Balances with Banks		
In Current Account	551.518	17.464
In Unclaimed Dividend Account	5.057	4.610
In Margin Money Account / Fixed Deposits #	126.387	70.031
	<u>684.669</u>	<u>93.091</u>
# Fixed deposits with banks includes Deposits of ₹ 49.075 Mn. (Previous year - ₹ 68 Mn.) under lien with banks for facilities extended to wholly owned subsidiaries and ₹ 77.312 Mn. (Previous year - ₹ 2.031 Mn.) towards margin money for issue of Letter of Credits, Buyers Credit for imports and Bank Guarantee.		
Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash flow Statement is	<u>553.225</u>	<u>18.450</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	31-3-2012 ₹ Million	31-3-2011 ₹ Million
2.17. SHORT TERM LOANS AND ADVANCES		
Unsecured Considered Good		
Advances to related parties (Refer to Note No. 2.45)	29.145	94.573
Advances to Employees	8.560	7.316
Advances to Suppliers	38.874	67.408
Balances with Government Authorities	45.347	96.863
Prepaid Expenses	9.768	8.283
	<u>131.694</u>	<u>274.443</u>
2.18. OTHER CURRENT ASSETS		
Unsecured Considered Good		
Accrued Income	14.217	11.954
	<u>14.217</u>	<u>11.954</u>
2.19. REVENUE FROM OPERATIONS	2011-12	2010-11
	₹ Million	₹ Million
Sale of Products - Finished Goods		
Domestic	8,484.538	7,704.650
Export	1,428.047	1,062.933
	<u>9,912.585</u>	<u>8,767.583</u>
Less : Excise Duty	641.972	639.119
Service Income	44.180	34.623
Other Operating Revenue :-		
Export Incentives	16.751	11.286
Sale of Traded Goods	317.857	252.957
	<u>9,649.401</u>	<u>8,427.330</u>
Details of Revenue from operations :-		
1. Dashboard Instruments & Accessories		
a) Dashboard Instruments	5,421.960	4,749.562
b) Speedometer Cables	119.430	121.143
c) Sensors (all types)	1,269.309	1,023.977
d) Accessories & Sub-assembly Components	186.602	173.069
2. Oil Pumps	878.747	700.277
3. Chain Tensioners	232.905	181.547
4. Idle Speed Control Valve Assembly	175.540	190.890
5. Other Auto Components	515.836	518.860
6. Other Products	514.464	503.762
7. Export Incentives	16.751	11.286
8. Sale of Traded Goods	317.857	252.957
	<u>9,649.401</u>	<u>8,427.330</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	2011-12 ₹ Million	2010-11 ₹ Million	
2.20. OTHER INCOME			
Interest Received	6.032	8.693	
Income from Current Investments	0.373	0.096	
Rent Received	5.224	3.869	
Other Income	7.671	0.086	
Profit on Sale of Assets (Net)	2.165	44.403	
	<u>21.465</u>	<u>57.147</u>	
2.21. COST OF MATERIALS CONSUMED			
Value of imported and indigenous Raw Materials Consumed :			
	2011-12	2010-11	
	₹ Million	₹ Million	
Imported	1,596.474	1,076.395	
Indigenous	4,629.702	4,344.782	
	<u>6,226.176</u>	<u>5,421.177</u>	
	<u>100.00</u>	<u>100.00</u>	
2.22. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS			
	31-3-2012	31-3-2011	(increase)/ decrease 31-3-2012
Inventories at the end of the year			
Work-in-progress	141.864	196.887	55.023
Finished Goods	154.758	123.561	(31.197)
	<u>296.622</u>	<u>320.448</u>	<u>23.826</u>
Inventories at the beginning of the year			31-3-2011
Work-in-progress	196.887	167.797	(29.090)
Finished Goods	123.561	173.985	50.424
	<u>320.448</u>	<u>341.782</u>	<u>21.334</u>
(Increase) / Decrease in inventories of Work-in-progress and Finished Goods	<u>23.826</u>	21.334	
2.23. EMPLOYEE BENEFITS EXPENSE			
a) Pay, Allowances and Bonus	1,107.479	955.334	
b) Contribution to Provident and other funds	59.152	63.013	
c) Welfare Expenses	92.309	93.379	
	<u>1,258.940</u>	<u>1,111.726</u>	
2.24. FINANCE COSTS			
Interest on Loans	290.389	266.435	
Other Borrowing Costs	7.532	6.681	
	<u>297.921</u>	<u>273.116</u>	

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	31-3-2012 ₹ Million	31-3-2011 ₹ Million
2.25. OTHER EXPENSES		
Power & Utilities (Refer to Note No. 2.33)	192.323	176.970
Stores & Spares Consumed	29.494	46.475
Repairs and Maintenance :		
- Machinery	90.372	68.679
- Building	12.918	7.221
- Others	11.884	10.083
Printing & Stationery	13.811	11.801
Postage & Telephone	12.425	11.853
Rent	13.326	10.766
Rates, Taxes & Licence	18.385	15.770
Insurance	17.368	13.097
Bank Charges	14.153	18.780
Travelling & Conveyance	85.786	78.889
Freight & Forwarding and Selling Expenses	329.528	217.775
Advertisement & Sales Promotion	12.432	2.481
Commission & Discount on Sales	25.622	28.746
Royalty	34.624	34.655
Bad Debts written off	3.398	4.647
Provision for doubtful debts (Net)	5.902	2.487
Irrecoverable Advance written off	5.381	—
Commission to Non-Whole Time Directors	1.799	0.691
Auditors' Remuneration (Refer to Note No. 2.35)	2.789	2.261
Professional Charges	113.328	57.469
Exchange Fluctuation (Net)	34.686	24.738
Miscellaneous Expenses	8.647	8.798
	<u>1,090.381</u>	<u>855.132</u>
2.26. PROVISIONS AS ON THE CLOSING DATE :		₹ Million
	Opening Balance	Additions
	1-4-2011	Reversals
		Closing Balance
		31-3-2012
1. Excise Duty Demands	32.289	—
2. One Time Labour Settlement	—	98.500
3. Others	0.334	—
	<u>32.623</u>	<u>98.500</u>
		<u>131.123</u>
2.27. CONTINGENT LIABILITIES AND COMMITMENTS AS ON THE CLOSING DATE :		
	As at	As at
	31-3-2012	31-3-2011
	₹ Million	₹ Million
CONTINGENT LIABILITIES		
Sales Tax Matters	33.313	33.313
Excise Matters	168.631	139.331
Corporate Guarantee to Subsidiaries	355.398	138.415
Letter of Credit	240.456	166.708
	<u>797.798</u>	<u>477.767</u>
COMMITMENTS		
Estimated Value of contracts remaining to be executed on		
Capital account	<u>23.622</u>	<u>6.550</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	31-3-2012	31-3-2011
	₹ Million	₹ Million
2.28. EARNINGS IN FOREIGN CURRENCY (FOB) :		
Exports Sales	<u>1,325.521</u>	<u>1,002.222</u>
2.29. EXPENDITURE IN FOREIGN CURRENCY :		
<u>CIF Value of Imports :</u>		
Raw Materials & Components	1,639.462	1,533.388
Spares	7.375	5.175
Capital Goods	55.950	62.213
Total	<u>1,702.787</u>	<u>1,600.776</u>
<u>Other Payments :</u>		
Royalty on Sales	34.624	34.655
Interest on Foreign Currency Loans	7.122	24.650
Other matters	85.873	58.950
Dividend *	6.750	4.500
Total	<u>134.369</u>	<u>122.755</u>
2.30. DIVIDEND REMITTED IN FOREIGN CURRENCY *		
a) Dividend (₹ Million)	6.750	4.500
b) No. of Non-Resident Shareholders (in Nos.)	1	1
c) No. of Shares of ₹ 1/- each held by them (in Nos.)	11,250,000	11,250,000
2.31. EXCEPTIONAL ITEMS		
a) Profit on Sale of Instrument Cluster Business of Personal Passenger Vehicles at Pirangut, Pune on a going concern basis under Slump Sale method on 18th March, 2012	592.703	—
b) Provision for One Time Settlement in respect of Compensation for Retrenched Labour	(98.500)	—
Exceptional Income (Net)	<u>494.203</u>	<u>—</u>
2.32. EARNINGS PER SHARE	2011-12	2010-11
	₹ Million	₹ Million
Profit After Tax	564.160	231.148
Equity Share of ₹ 1/- each (Nos. in Mn.)	90.000	90.000
Basic Earnings per share (in ₹)	6.27	2.57
Diluted Earnings per share (in ₹)	6.18	2.57
No. of Shares Outstanding - Basic (Nos. in Mn.)	90.000	90.000
No. of Shares Outstanding - Diluted (Nos. in Mn.)	94.500	90.000
2.33. Power & Utilities is net of Wind Power of ₹ 8.137 Million (Previous year - ₹ 6.601 Million) representing units supplied to the grid against which equivalent consumption was made inhouse.		
2.34. RESEARCH AND DEVELOPMENT EXPENDITURE		
Capital	97.196	60.871
Recurring	220.014	229.114
Grant Received	—	(2.500)
	<u>317.210</u>	<u>287.485</u>

Note : Research and Development expenses of Revenue nature have been classified under the relevant heads of accounts in the Statement of Profit and Loss and the expenditure of Capital nature is grouped under fixed assets.

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	2011-12 ₹ Million	2010-11 ₹ Million
2.35. REMUNERATION TO AUDITORS (EXCLUSIVE OF SERVICE TAX) :		
For Audit	1.700	1.450
For Taxation Matters	0.728	0.386
For Certification	0.306	0.346
Reimbursement of Expenses	0.055	0.079
Total	2.789	2.261
2.36. EMPLOYEE BENEFITS EXPENSE INCLUDE :		
Remuneration to Whole Time Directors'		
Salary	4.505	3.640
HRA	2.057	1.586
Commission	5.944	1.970
Contribution to Provident Fund & Other Funds	1.216	1.162
Perquisites & Benefits	1.832	0.688
Total	15.554	9.046
2.37. Balances in parties accounts are subject to confirmation / reconciliation. Appropriate adjustments, if any, will be made as and when the balances are reconciled.		
2.38. In view of the considerable number of items diverse in composition, size and nature, it is not practicable to furnish particulars of materials consumed.		
2.39. INTEREST IN JOINT VENTURE:		
The Company had, during the year, entered into an agreement by which the company is a party to a Joint Venture in Pricol Pune Private Limited (formerly Pricol Pune Limited). The Company has invested ₹ 50 Million in 5,000,000 Equity Shares of ₹ 10/- each which is equivalent to an ownership interest of 50% as on 31st March, 2012.		
The aggregate amount of assets, liabilities, income and expenses related to the company's share in the Joint Venture as at 31st March, 2012 is given below:		
Balance Sheet		
Share Capital	50.000	—
Reserves & Surplus	342.358	—
Non Current Liabilities	29.466	—
Current Liabilities	158.934	—
Fixed Assets (Net)	390.460	—
Long Term Loans & Advances	0.777	—
Current Assets	189.521	—
Income statement		
Income	23.731	—
Expenses	23.201	—
Profit Before Tax	0.530	—
Provision for Taxes	0.172	—
Profit After Tax	0.358	—
2.40. Income Tax Assessments are completed upto Assessment Year 2009-10.		

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.41. 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 :

Period Covered	2011-12	2010-11
Discount Rate	8.61% p.a.	8.31% p.a.
Expected Return on Plan assets	8.00% p.a.	8.00% p.a.
Average future working life	19 yrs	19 yrs

The estimates of future salary increases considered in actuarial valuation, taking into 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 :

	₹ Million	₹ Million
Present Value of obligation beginning of the period	136.047	113.844
Interest cost	11.213	9.104
Current service cost	11.901	11.901
Past service cost	—	—
Benefits paid	(11.629)	(8.571)
Transferred to JV Company - Pricol Pune Private Limited	(2.134)	—
Actuarial (Gain) / Loss on obligation	(7.104)	9.769
Present Value of obligation end of the period	138.294	136.047

III. Changes in the Fair Value of plan assets :

Fair Value of plan assets beginning of the period	119.799	117.209
Expected return on plan assets	10.324	9.480
Contributions	21.163	—
Benefits paid	(11.629)	(7.112)
Actuarial Gain / (Loss) plan assets	(1.356)	0.222
Fair Value of plan assets as at the end of the period	138.301	119.799

IV. Amounts recognised in the Balance Sheet :

Present Value of the obligation	138.294	136.047
Fair Value of plan assets	(138.301)	(119.799)
Liability / (Asset)	(0.007)	16.248
Unrecognised past service cost	—	—
Asset / (Liability) recognised in the Balance Sheet	0.007	(16.248)

V. Expenses recognised in the Statement of Profit & Loss :

Current service cost	11.901	11.901
Interest Cost	11.213	9.104
Expected return on plan assets	(10.324)	(9.480)
Net actuarial (Gain) / Loss recognised in the year	(5.748)	9.547
Past service cost	—	—
Expenses recognised in the statement of Profit & Loss	7.042	21.072

The expense has been included under the head "Contribution to provident and other funds" under "Employee Benefits Expense" in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	₹ Million				
VI. Amount for the current period :	2011-12	2010-11	2009-10	2008-09	2007-08
Present value of obligation	138.294	136.047	113.844	111.077	116.085
Plan Assets	138.301	119.799	117.209	111.149	116.932
Surplus / (Deficit)	0.007	(16.248)	3.365	0.072	0.848
Experience adjustments on plan liabilities	2.440	12.706	2.688	(12.380)	0.128
Experience adjustments on plan assets	(1.356)	0.222	9.875	(9.412)	(1.167)

VII. Major Categories of plan assets (As percentage of total plan assets):	2011-12	2010-11
Funds Managed by Insurance Companies	100%	100%

VIII. Enterprise's best estimate of contribution during next year (₹ Mn.)	1.000	2.000
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Pursuant to the sale of personal passenger business of Pricol Limited's Plant situated at Pirangut, Pune as a going concern, the erstwhile employees of the said division have also been transferred to the company. The Company is in the process of obtaining the necessary approvals from the respective statutory authorities for the transfer of fund in the name of the company. The accumulated obligation on actual basis in respect of those employees will be transferred by Pricol Limited from its approved gratuity fund maintained with Life Insurance Corporation of India.

b) Contribution of ₹ 48.209 Mn. (Previous year – ₹ 37.600 Mn.) made to defined contribution plans were charged to Statement of Profit and Loss.

2.42. The Company's operations mainly relate to one segment, Automotive Components. The secondary segment disclosure in respect of the identified geographical segments is given below :

Particulars	₹ Million			
	31st March, 2012		31st March, 2011	
	Within India	Outside India	Within India	Outside India
Segment Revenue	8,221.354	1,428.047	7,364.397	1,062.933
Segment Assets	9,551.725	27.952	9,024.027	20.872
Purchase of Fixed Assets	246.875	0.506	201.774	0.084

Geographical Segment :

Segmentation of revenue is on the basis of geographical location of the customers.

Segmentation of assets is based on geographical location of the assets.

2.43. Operating Leases :	2011-12	2010-11
	₹ Million	₹ Million

The Company has entered into operating leases for Land.

Amortisation of premium paid for leasehold rights	0.271	0.263
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Annual lease payments charged off to Statement of Profit and Loss	0.112	0.112
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Future Minimum Lease Payments

– Not later than one year	0.112	0.112
– Later than one year and not later than five years	0.448	0.448
– Later than five years	8.848	8.960

2.44. All figures are in Million unless otherwise stated.

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.45. List of Related Parties with whom transactions have taken place during the year 2011-12 and relationship:

Holding Company : Nil; **Subsidiary Companies** : Integral Investments Limited, Pricol Castings Limited (formerly English Tools and Castings Limited), PT Pricol Surya, Indonesia and Shanmuga Steel Industries Limited (Subsidiary of Integral Investments Limited) **Key Management Personnel** : Mr.Vijay Mohan, Mrs.Vanitha Mohan, Mr.Vikram Mohan and Mr.K.Udhaya Kumar **Joint Venture**: Pricol Pune Private Limited; **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 Automotive Limited (formerly Xenos Technologies Limited), Penta Enterprises (India) Limited, Ananya Innovations Limited, Vascon Pricol Infrastructures Limited, Prime Agri Solutions (India) 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.

₹ Million

Nature of Transaction	Subsidiary Companies		Key Management Personnel		Others / Joint Venture	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Purchase / Labour Charges	23.679	24.237	—	—	174.942	182.450
Sales / Job Work Charges	178.543	108.538	—	—	44.159	76.982
Sale of Undertaking	—	—	—	—	734.000	—
Purchase of Fixed Assets	6.795	—	—	—	—	0.375
Sale of Fixed Assets	—	—	—	—	2.684	—
Receiving of Services	—	—	15.554	9.046	71.193	42.982
Rendering of Services	0.029	—	—	—	28.777	7.556
Loan / Advance Receivable / Deposit / Interest - Opening	111.547	17.937	—	—	—	10.356
Add : Amount advanced / Deposit during the year	17.853	76.636	—	—	1.089	0.025
Add : Interest receivable for the year	5.911	6.593	—	—	—	—
Less : Amount received / Adjustments	81.687	—	—	—	—	—
Less : Interest received for the year	6.593	—	—	—	—	—
Less : Irrecoverable Advance Written Off	5.381	—	—	—	—	—
Loan / Advance Receivable / Deposit / Interest - Closing	41.650	101.166	—	—	1.089	10.381
Advance payable - Opening	—	3.369	—	—	—	—
Less : Amount repaid during the year	—	3.369	—	—	—	—
Advance payable - Closing	—	—	—	—	—	—
Investments - Opening	252.407	252.407	—	—	—	—
Add : Investments made during the year	—	—	—	—	50.000	—
Less : Divestment during the year	—	—	—	—	—	—
Investments - Closing	252.407	252.407	—	—	50.000	—
Guarantee	355.398	138.415	—	—	—	—
Receivables - Opening	154.054	67.638	—	—	431.945	449.351
Add : Amount receivable during the year	178.571	114.706	—	—	814.182	92.716
Less : Amount received during the year	69.458	28.290	—	—	820.962	110.122
Receivable - Closing	263.167	154.054	—	—	425.165	431.945
Payable - Opening	4.185	—	2.418	0.698	26.197	57.798
Add : Amount payable during the year	24.067	27.369	15.554	9.046	252.471	314.167
Less : Amount paid during the year	16.941	23.184	11.617	7.326	239.523	345.768
Payable - Closing	11.311	4.185	6.355	2.418	39.145	26.197

As per our report of date attached

For Haribhakti & Co.

Chartered Accountants

Firm Regn. No.103523W

C.S. Sathyanarayanan, Partner

Membership No. 028328

Coimbatore, 29th May 2012

Vijay Mohan

Chairman

J. Sridhar

Vice President & CFO

For and on behalf of the Board

Vanitha Mohan

Vice Chairman

Vikram Mohan

Managing Director

T.G. Thamizhanban

Company Secretary

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

1. Name of the Subsidiary Company	PT Pricol Surya, Indonesia	Pricol Castings Limited	Integral Investments Limited	Shanmuga Steel Industries Limited
2. Financial year of the Subsidiary ended on	31st March 2012	31st March 2012	31st March 2012	31st March 2012
3. Holding Company's interest in the Subsidiary	1,500 Equity Shares of USD 1000 each (100%)	14,883,700 Equity shares of ₹ 10/- each (100%)	2,250,000 equity shares of ₹ 10/- each (100%)	6,510 Equity Shares of ₹ 100/- (100% holding by Integral Investments Limited)
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	₹ 57.761 Mn. Indonesian Rupiah 10.796.446.000	(₹ 5.889 Mn.)	₹ 0.097 Mn.	₹ 9.635 Mn.
b) For the previous financial years of the Subsidiary company	(₹ 78.252 Mn) Indonesian Rupiah (15.381.800.529)	(₹ 66.808 Mn.)	(₹ 4.415 Mn.)	(₹ 9.944 Mn.)
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	Nil
b) For the previous financial years of the Subsidiary company	Nil	Nil	₹ 1.294 Mn.	Nil

For and on behalf of the Board

Vijay Mohan
Chairman

Vanitha Mohan
Vice Chairman

Vikram Mohan
Managing Director

J. Sridhar
Vice President & CFO

T.G. Thamizhanban
Company Secretary

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of **Pricol Limited** and its Subsidiaries and joint venture (collectively referred to as "the group") as at 31st March, 2012 and also the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹ 831 Mn. as at 31st March, 2012, total net revenues of ₹ 1,349 Mn. and net cash inflows amounting to ₹ 10 Mn. for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, except in the case of PT Pricol Surya, Indonesia and our opinion is based solely on the report of other auditors and in the case of above said subsidiary which is based on unaudited management accounts.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements" and Accounting standard (AS) 27, "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Pricol Limited and its subsidiaries.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give 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 state of affairs of the Group as at 31st March 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

Coimbatore
29 May 2012

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W
C. S. Sathyanarayanan, Partner
Membership No. 028328

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2012

	Note No.	31-3-2012 ₹ Million	31-3-2011 ₹ Million
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2.1	90.000	90.000
(b) Reserves and Surplus	2.2	2,579.997	1,716.892
(c) Money received against Share Warrants		20.250	—
(2) Non Current Liabilities			
(a) Long Term Borrowings	2.3	657.620	1,235.132
(b) Deferred Tax Liabilities (Net)	2.4	49.174	—
(c) Long Term Provisions	2.5	33.486	42.106
(3) Current Liabilities			
(a) Short Term Borrowings	2.6	412.254	807.369
(b) Trade Payables	2.7	2,121.683	1,754.266
(c) Other Current Liabilities	2.8	1,360.974	799.049
(d) Short Term Provisions	2.9	247.692	102.132
Total		7,573.130	6,546.946
II. ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	2.10		
(i) Tangible Assets		2,359.885	2,359.664
(ii) Intangible Assets		225.791	72.595
(iii) Capital Work-in-progress		20.853	25.145
(b) Non Current Investments	2.11	7.200	7.360
(c) Deferred Tax Assets (Net) (Refer to Note No. 2.4)		—	12.266
(d) Long Term Loans and Advances	2.12	36.109	39.393
(e) Other Non-Current Assets	2.13	583.189	511.510
(2) Current Assets			
(a) Current Investments	2.14	16.458	16.062
(b) Inventories	2.15	1,553.215	1,462.209
(c) Trade Receivables	2.16	1,808.306	1,702.941
(d) Cash and Cash Equivalents	2.17	767.554	114.503
(e) Short Term Loans and Advances	2.18	180.349	211.342
(f) Other Current Assets	2.19	14.221	11.956
Total		7,573.130	6,546.946

Significant Accounting Policies & Notes to Financial Statements 1 & 2

As per our report of date attached
For Haribhakti & Co.
Chartered Accountants
Firm Regn. No.103523W

C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 29th May 2012

Vijay Mohan
Chairman

J. Sridhar
Vice President & CFO

For and on behalf of the Board

Vanitha Mohan
Vice Chairman

Vikram Mohan
Managing Director

T.G. Thamizhanban
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2012

	Note No.	2011-12 ₹ Million	2010-11 ₹ Million
INCOME			
Revenue from Operations (Gross)	2.20	11,508.791	9,568.470
Less : Excise Duty		683.864	677.778
Revenue from Operations (Net)		10,824.927	8,890.692
Other Income	2.21	20.241	60.218
Total Revenue		10,845.168	8,950.910
EXPENSES			
Cost of Materials Consumed	2.22	7,036.566	5,714.541
Purchases of Stock-in-Trade		312.754	249.229
Changes in inventories of Work-in-progress & Finished Goods	2.23	(25.514)	2.633
Employee Benefits Expense	2.24	1,437.567	1,189.178
Finance Costs	2.25	330.903	290.705
Depreciation & Amortisation Expense		325.676	363.521
Other Expenses	2.26	1,174.334	942.986
Total Expenses		10,592.286	8,752.793
Profit from operations before Exceptional items and Tax		252.882	198.117
Add : Exceptional items (Net)	2.27	494.203	—
Profit Before Tax		747.085	198.117
Less : Tax expense			
Current Tax		142.014	43.490
Deferred Tax		61.440	62.094
MAT Credit		(86.106)	(43.490)
For earlier years		—	(79.235)
Profit for the year		629.737	215.258
Earnings per Equity Share (Face Value of ₹ 1/-) in Rupees	2.28		
Basic		7.00	2.39
Diluted		6.89	2.39

As per our report of date attached
For Haribhakti & Co.
Chartered Accountants
Firm Regn. No.103523W
C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 29th May 2012

Vijay Mohan
Chairman

J. Sridhar
Vice President & CFO

For and on behalf of the Board

Vanitha Mohan
Vice Chairman

Vikram Mohan
Managing Director

T.G. Thamizhanban
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

	2011-12 ₹ Million	2010-11 ₹ Million
A. Cash Flow from operating activities :		
Net Profit Before Tax	747.085	198.117
Adjustments for :		
Depreciation & Amortisation Expense	325.676	363.521
Bad debts written off	3.398	4.647
Provision for Doubtful debts (Net)	5.902	2.487
Effect of change in Foreign Currency Translation Reserve	(24.565)	(10.513)
Deficit on Amalgamation	(9.228)	—
Profit on Sale of Assets (Net)	0.806	(44.867)
Profit on Sale of undertaking	(592.703)	—
Exchange Fluctuation (Gain) / Loss on Re-statement	10.262	(1.041)
Interest received	(6.136)	(9.878)
Finance Costs	330.903	290.705
Income from Current Investments	(0.373)	(0.096)
	<u>43.942</u>	<u>594.965</u>
Operating profit before working capital changes	791.027	793.082
Adjustments for :		
Trade and other receivables	(314.539)	(188.882)
Inventories	(206.867)	(128.568)
Trade and other payables	695.577	237.834
	<u>174.171</u>	<u>(79.616)</u>
Cash generated from operations	965.198	713.466
Direct taxes	(100.377)	1.307
Net Cash from Operating Activities	<u>864.821</u>	<u>714.773</u>
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(666.775)	(240.247)
Sale of Fixed Assets	10.866	64.952
Sale of undertaking	734.000	—
Interest received	6.136	9.878
Money received against Share Warrant	20.250	—
Share Premium on issue of share	342.000	—
Purchase of Investments	(963.236)	(497.243)
Sale of Investments	963.373	493.296
Net Cash (used in) / from Investing Activities	<u>446.614</u>	<u>(169.364)</u>
C. Cash Flow from Financing Activities :		
Long Term Borrowings	65.065	(577.908)
Unsecured Loans & Deposits	(43.732)	131.202
Working Capital Borrowings	(293.214)	225.951
Dividend & Tax on Dividend paid	(62.313)	(41.780)
Finance Costs paid	(324.190)	(295.319)
Net Cash used in Financing Activities	<u>(658.384)</u>	<u>(557.854)</u>
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	<u>653.051</u>	<u>(12.445)</u>
Cash and cash equivalents as at		
1.4.2011 and 1.4.2010 (Opening balance)	114.503	126.948
Less : Bank Balances not considered as Cash and cash equivalents as per Accounting Standard AS 3	131.444	74.641
Cash and cash equivalents as at		
31.3.2012 and 31.3.2011 (Closing balance)	<u>636.110</u>	<u>39.862</u>

As per our report of date attached
For Haribhakti & Co.
Chartered Accountants
Firm Regn. No.103523W
C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 29th May 2012

Vijay Mohan
Chairman

J. Sridhar
Vice President & CFO

For and on behalf of the Board
Vanitha Mohan
Vice Chairman

Vikram Mohan
Managing Director

T.G. Thamizhanban
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

I. Principles of consolidation :

The consolidated financial statements relate to Pricol Limited ("the Company") and its subsidiary companies and joint venture. 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) Interests in Joint venture have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - "Joint Ventures".

iii) 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.

iv) 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.

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

III. Other Significant Accounting Policies :

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

2. As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended 31st March, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified / regrouped wherever necessary to conform to the requirements of Revised Schedule VI.

2.1. SHARE CAPITAL

	31-3-2012	31-3-2011
Authorised	₹ Million	₹ Million
100,000,000 Equity Shares of ₹ 1/- each	<u>100.000</u>	<u>100.000</u>

Issued, Subscribed and Paid-up

90,000,000 Equity Shares of ₹ 1/- each fully paid-up	<u>90.000</u>	<u>90.000</u>
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Reconciliation of the Shares Outstanding at the beginning and at the end of the reporting period :

	<u>31-3-2012</u>		<u>31-3-2011</u>	
	No. of Shares (in Million)	₹ Million	No. of Shares (in Million)	₹ Million
Equity Shares				
At the beginning / closing of the period	<u>90.000</u>	<u>90.000</u>	<u>90.000</u>	<u>90.000</u>

Terms / rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 1/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Details of Shareholders holding more than 5% shares in the company :

	<u>31-3-2012</u>		<u>31-3-2011</u>	
	No. of Shares	% held	No. of Shares	% held
Equity Shares of ₹ 1/- each fully paid				
- DENSO Corporation, Japan	11,250,000	12.50%	11,250,000	12.50%
- Vijay Mohan	9,544,440	10.60%	9,544,440	10.60%
- Viren Mohan	6,522,615	7.25%	6,522,615	7.25%
- Precot Meridian Limited	5,462,250	6.07%	5,462,250	6.07%

The Company has during the year issued 4,500,000 Share Warrants of ₹ 1/- each on preferential basis with each warrant convertible into one equity shares of the company, for a price of ₹ 18/- per share (including a premium of ₹ 17/-). The share warrants are convertible into equity shares of the company within eighteen months from the date of allotment. As per the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 the company has received 25% of value of the warrants on allotment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

		31-3-2012 ₹ Million		31-3-2011 ₹ Million
2.2. RESERVES & SURPLUS				
Securities Premium Account				
Opening Balance	181.000		181.000	
Add : On issue of Shares	<u>342.000</u>	523.000	—	181.000
General Reserve				
Opening Balance	1,568.192		1,443.192	
Add : Transfer from Surplus in the Statement of Profit & Loss	<u>450.000</u>	2,018.192	125.000	1,568.192
Statutory Reserve				
Opening Balance	1.091		1.091	
Add : Transfer from Surplus in the Statement of Profit & Loss	<u>8.218</u>	9.309	—	1.091
Surplus / (Deficit) in the Statement of Profit & Loss				
Opening Balance	(19.177)		(46.675)	
Add : Profit for the year	<u>629.737</u>		215.258	
Less: Appropriations :-				
: Dividend - 80% (40% plus a special dividend of 40% from profit on sale of Unit) (Previous year - 60%)	72.000		54.000	
: Tax on Dividend	11.680		8.760	
: Transfer / Adjustment	27.232		—	
: Transfer to Statutory Reserve	8.218		—	
: Transfer to General Reserve	<u>450.000</u>	41.430	125.000	(19.177)
Foreign Currency Translation Reserve		<u>(11.934)</u>		(14.214)
		<u>2,579.997</u>		<u>1,716.892</u>
2.3. LONG TERM BORROWINGS				
		Non-current portion	Current Maturities	
		31-3-2012	31-3-2011	31-3-2012
		₹ Million	₹ Million	₹ Million
Secured Loans :				
a. Rupee Term Loans from Banks	617.128	1,142.631	955.755	470.169
b. Rupee Term Loan from Others	3.151	7.205	2.127	3.091
Unsecured Loans :				
Rupee Term Loan from Others	<u>37.341</u>	85.296	<u>50.259</u>	45.950
	<u>657.620</u>	<u>1,235.132</u>	<u>1,008.141</u>	<u>519.210</u>
2.4. DEFERRED TAX		31-3-2012		31-3-2011
		₹ Million		₹ Million
Deferred Tax Liability				
Fixed Assets		<u>130.627</u>		133.624
	A	<u>130.627</u>		<u>133.624</u>
Deferred Tax Asset				
Disallowance under the Income Tax Act		70.256		55.510
Unabsorbed Depreciation / Business loss		11.197		90.380
	B	<u>81.453</u>		<u>145.890</u>
Net Deferred Tax Liability / (Asset)	A - B	<u>49.174</u>		<u>(12.266)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	31-3-2012	31-3-2011
	₹ Million	₹ Million
2.5. LONG TERM PROVISIONS		
For Gratuity	0.863	9.483
For Central Excise Demands	32.289	32.289
For Other Taxes	0.334	0.334
	<u>33.486</u>	<u>42.106</u>
2.6. SHORT TERM BORROWINGS		
Secured Loans		
Working Capital Facilities from Banks		
- In Rupee	177.289	447.649
- In Foreign Currency	234.965	359.720
	<u>412.254</u>	<u>807.369</u>
2.7. TRADE PAYABLES		
Trade Payables *	2,121.683	1,754.266
	<u>2,121.683</u>	<u>1,754.266</u>
* Trade Payables includes Dues to Micro, Small and Medium Enterprises amounting to ₹ 26.181 Mn. (Previous year - ₹ 27.518 Mn.)		
2.8. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt (Refer to Note No. 2.3)	1,008.141	519.210
Interest Accrued but not due on loans	16.250	9.537
Unclaimed Dividend	5.057	4.610
Unclaimed Deposits including interest	0.039	0.125
Duties and Taxes Payable	22.818	32.834
Other Payables	308.669	232.733
	<u>1,360.974</u>	<u>799.049</u>
2.9. SHORT TERM PROVISIONS		
For Leave Encashment	15.464	12.316
For Gratuity	6.345	11.878
For Labour Settlement	98.500	—
For Taxation (Net)	43.703	15.178
For Dividend	72.000	54.000
For Tax on Dividend	11.680	8.760
	<u>247.692</u>	<u>102.132</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.10. FIXED ASSETS

	Gross Block				Depreciation / Amortisation			Net Block			
	Cost as on 1-4-2011	Additions during 2011-12	Sales/transfer during 2011-12*	Balance as on 31-3-2012	Upto 31-3-2011	For 2011-12	Withdrawn during 2011-12	Translation Adjustment	Total upto 31-3-2012	Written down Value as on 31-3-2012	31-3-2011
Tangible Assets											
Freehold Land	166.137	99.663	9.673	267.223	—	—	—	—	—	267.223	166.137
Leasehold Land	26.879	—	—	26.879	0.969	0.271	—	—	1.240	25.639	25.910
Buildings	1,254.337	90.586	142.132	1,217.370	320.341	43.531	31.879	3.938	335.931	881.439	933.996
Plant & Machinery	3,474.623	295.183	180.407	3,579.888	2,370.166	244.387	108.535	3.243	2,509.261	1,070.627	1,104.457
Computer Equipments	339.209	9.805	4.563	344.451	277.114	16.503	3.816	—	289.801	54.650	62.095
Furniture and Fittings	59.684	8.529	0.368	69.971	35.757	3.936	0.154	2.268	41.807	28.164	23.927
Office Equipments	9.778	0.633	0.069	10.342	7.363	0.437	0.018	—	7.782	2.560	2.415
Vehicles	72.679	2.198	13.967	60.910	31.952	5.527	6.152	—	31.327	29.583	40.727
Total Tangible Assets	5,403.326	506.597	351.179	5,577.034	3,043.662	314.592	150.554	9.449	3,217.149	2,359.885	2,359.664
Intangible Assets											
Computer Software	95.377	13.537	0.455	108.459	72.584	9.933	0.432	—	82.085	26.374	22.793
Technical Knowhow	90.090	—	3.332	86.758	40.288	—	3.165	—	37.123	49.635	49.802
Goodwill	—	0.510	—	0.510	—	—	—	—	—	0.510	—
Business & Commercial Rights	—	150.423	—	150.423	—	1.151	—	—	1.151	149.272	—
Total Intangible Assets	185.467	164.470	3.787	346.150	112.872	11.084	3.597	—	120.359	225.791	72.595
Total	5,588.793	671.067	354.966	5,923.184	3,156.534	325.676	154.151	9.449	3,337.508	2,585.676	2,432.259
Previous year	5,529.462	246.976	187.645	5,588.793	2,960.573	363.521	167.560	—	3,156.534	—	—
Capital Work-in-progress										20.853	25.145
Total Assets										2,606.529	2,457.404

* Includes Assets sold to Pricol Pune Limited on a going concern basis under Slump Sale Method. Refer Note No. 2.27 (a).

Note : Adjustment on account of foreign exchange translation difference on opening balance and depreciation charge for the year is reflected as "Translation Adjustment".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	31-3-2012 ₹ Million	31-3-2011 ₹ Million
2.11. NON CURRENT INVESTMENTS		
Non - Trade - Unquoted :		
720,000 Equity Shares of ₹ 10/- each fully paid-up in Pricol Technologies Limited	7.200	7.200
Investment in Associates :		
3,190 Equity Shares of ₹ 100/- each fully paid-up in Shanmuga Steel Industries Limited	—	0.160
Aggregate Cost of Un-quoted Investments (long term)	<u>7.200</u>	<u>7.360</u>
2.12. LONG TERM LOANS AND ADVANCES		
Unsecured Considered Good		
Capital Advances	9.954	5.515
Deposits	26.155	23.576
Deposits to related parties	—	10.302
Unsecured considered Doubtful	1.305	1.305
Less : Provision for Doubtful Deposits	<u>1.305</u>	<u>1.305</u>
	<u>36.109</u>	<u>39.393</u>
2.13. OTHER NON CURRENT ASSETS		
Unsecured Considered Good		
Long Term Trade Receivables	389.962	391.143
Loans to Employees	0.382	0.516
Tax Payments Pending Adjustment	16.478	29.590
MAT Credit Entitlement	176.367	90.261
	<u>583.189</u>	<u>511.510</u>
2.14. CURRENT INVESTMENTS		
Non-Trade - Quoted :		
1) 1,200 Equity Shares of ₹ 1/- each fully paid-up in GMR Infrastructure Limited	0.143	0.143
2) 1,000 Equity Shares of ₹ 1/- each fully paid-up in Ashok Leyland Limited (Previous year - 500 Equity Shares)	0.032	0.032
3) 200 Equity Shares of ₹ 10/- each fully paid-up in Cholamandalam Investment and Finance Company Limited	0.061	0.061
4) 25 Equity Shares of ₹ 10/- each fully paid-up in Bajaj Auto Limited	0.033	0.033
5) 142 Equity Shares of ₹ 1/- each fully paid-up in TVS Motors Limited	0.001	0.001

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	31-3-2012	31-3-2011
	₹ Million	₹ Million
CURRENT INVESTMENTS (Contd.,)		
6) 225 Equity Shares of ₹ 2/- each fully paid-up in Bharat Heavy Electricals Limited (Previous year - 35 Equity Shares)	0.105	0.086
7) 250 Equity Shares of ₹ 2/- each fully paid-up in Munjal Auto Industries Limited (Previous year - 50 Equity Shares of ₹ 10/- each fully paid-up)	0.001	0.001
8) 50 Equity Shares of ₹ 10/- each fully paid-up in Shivam Autotech Limited		
9) 150 Equity Shares of ₹ 2/- each fully paid-up in Larsen & Toubro Limited	0.263	0.263
10) 100 Equity Shares of ₹ 1/- each fully paid-up in ITC Limited	0.017	0.017
11) 300 Equity Shares of ₹ 10/- each fully paid-up in IDBI Bank Limited	—	0.038
12) 100 Equity Shares of ₹ 10/- each fully paid-up in Bannari Amman Sugars Limited	0.130	0.130
13) 375 Equity Shares of ₹ 5/- each fully paid-up in Bharti Airtel Limited	—	0.145
14) 300 Equity Shares of ₹ 10/- each fully paid-up in Bharti Shipyard Limited	0.103	0.103
15) 20,692 Equity Shares of ₹ 10/- each fully paid-up in Regaliaa Realty Limited	0.207	0.207
16) 700 Equity Shares of ₹ 10/- each fully paid-up in JSW Energy Limited	0.087	0.087
17) 100 Equity Shares of ₹ 5/- each fully paid-up in Mahindra & Mahindra Limited	0.052	0.052
18) 250 Equity Shares of ₹ 10/- each fully paid-up in Rural Electrification Limited (Previous year - 200 Equity Shares)	0.065	0.055
19) 29,276 Units of DSP - Black Rock India TIGER Fund - Dividend Option	—	1.000
20) 5,247 Units of Birla Sun Life Floating Rate Fund - Retail LT (Previous year - 36,882 Units)	0.882	0.600
21) 126,154 Units of HDFC Cash Management Fund - Treasury (Previous year - 150,021 Units)	1.265	1.504
22) 7,362 Units of Reliance Vision Fund - Retail Plan - Dividend Plan	0.500	0.500
23) 29,360 Units of ICICI Prudential Focussed Blue Chip	—	0.500
24) 171 Units of Bench Mark Mutual Fund - Liquid (Previous year - 15 Units)	0.171	0.015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	31-3-2012 ₹ Million	31-3-2011 ₹ Million
CURRENT INVESTMENTS (Contd.,)		
25) 101,764 Units of HDFC Monthly Income Plan - Monthly Dividend Plan (Previous year - 310,400 Units)	1.350	4.072
26) 19,604 Units of ICICI Flexible Income Plan - Weekly Dividend (Previous year - 15,294 Units)	1.968	1.534
27) 36,795 Units of Reliance Monthly Income Plan - Monthly Dividend Plan	—	0.414
28) 13,334 Units of Reliance Regular Savings Fund - Dividend Plan	0.301	0.301
29) 12,027 Units of Reliance Equity Opportunities Fund	0.323	0.323
30) 408 Units of Reliance Money Manager Fund - Retail Option (Previous year - 1,277 Units)	0.409	1.282
31) 77,414 Units of Sundaram Ultra ST Fund Retail Fund - Weekly (Previous year - 120,260 Units)	0.825	1.281
32) 105,871 Units of Templeton India Ultra Short Bond Fund - Retail (Previous year - 127,905 Units)	1.061	1.282
33) 435 Units of Templeton India Short Term Income	0.500	—
34) 30,273 Units of Sundaram Select Midcap	0.525	—
35) 44,862 Units of Reliance Gold Savings Fund	0.600	—
36) 53,887 Units of Reliance Dynamic Bond Fund	0.717	—
37) 96,055 Units of HDFC Short Term Dividend	1.000	—
38) 11,044 Units of HDFC Top 200 Dividend	0.500	—
39) 13,105 Units of Franklin India Bluechip	0.483	—
40) 40,605 Units of HDFC Balanced Fund Dividend	0.819	—
41) 26,616 Units of HDFC Floating Rate Income Fund	0.270	—
42) 6,855 Units of ICICI Prudential Flexible Income Plan- Regular Weekly Dividend	0.689	—
Aggregate Cost of Quoted Investments (long term)	16.458	16.062
Market Value of Quoted Investments (long term)	14.672	14.347
2.15. INVENTORIES		
Stock of Stores & Spares	32.689	32.843
Raw Materials & Components (includes Goods in Transit of ₹ 145.604 Mn.)	1,014.162	948.516
Work-in-progress	218.798	241.302
Finished Goods	177.764	129.746
Land - Stock in Trade	109.802	109.802
	1,553.215	1,462.209

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	31-3-2012 ₹ Million	31-3-2011 ₹ Million
2.16. TRADE RECEIVABLES		
a) Outstanding for a period exceeding six months		
i) Unsecured Considered Good	31.060	48.830
ii) Unsecured Considered Doubtful	33.094	37.484
Less : Provision for Doubtful Debts	33.094	37.484
b) Outstanding for a period less than six months		
i) Unsecured Considered Good	1,777.246	1,654.111
ii) Unsecured Considered Doubtful	32.333	18.643
Less : Provision for Doubtful Debts	32.333	18.643
	<u>1,808.306</u>	<u>1,702.941</u>
2.17. CASH AND CASH EQUIVALENTS		
Cash on hand	1.822	1.197
Balances with Banks		
In Current Account	634.033	38.665
In Unclaimed Dividend Account	5.057	4.610
In Margin Money Account / Fixed Deposits #	126.642	70.031
	<u>767.554</u>	<u>114.503</u>
# Fixed deposits with banks includes Deposits of ₹ 49.075 Mn. (Previous year - ₹ 68 Mn.) under lien with banks for facilities extended to wholly owned subsidiaries and ₹ 77.312 Mn. (Previous year - ₹ 2.031 Mn.) towards margin money for issue of Letter of Credits, Buyers Credits for Imports and Bank Guarantee.		
Of the above, the balances that meet the definition of Cash and Cash equivalent as per AS 3 Cash flow statement is	<u>636.110</u>	<u>39.862</u>
2.18. SHORT TERM LOANS AND ADVANCES		
Unsecured Considered Good		
Advances to Employees	9.207	7.316
Advances to Suppliers	43.473	71.945
Balances with Government Authorities	113.825	119.511
Prepaid Expenses	13.844	12.570
	<u>180.349</u>	<u>211.342</u>
2.19. OTHER CURRENT ASSETS		
Unsecured considered Good		
Accrued Income	14.221	11.956
	<u>14.221</u>	<u>11.956</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	2011-12		2010-11
	₹ Million		₹ Million
2.20. REVENUE FROM OPERATIONS			
Sale of Products - Finished Goods			
Domestic	9,297.816		8,139.191
Export	1,835.872		1,124.745
	<u>11,133.688</u>		<u>9,263.936</u>
Less : Excise Duty	683.864	10,449.824	677.778
			8,586.158
Service Income	51.832		40.291
Other Operating Revenue :-			
Export Incentives	16.751		11.286
Sale of Traded Goods	306.520		252.957
	<u>10,824.927</u>		<u>8,890.692</u>
2.21. OTHER INCOME			
Interest Received	6.136		8.813
Income from Current Investments	0.373		0.096
Rent Received	5.306		3.869
Other Income	9.232		2.573
Profit / (Loss) on Sale of Assets (Net)	(0.806)		44.867
	<u>20.241</u>		<u>60.218</u>
2.22. COST OF MATERIALS CONSUMED			
Materials Consumed	7,036.566		5,714.541
2.23. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS			
	31-3-2012	31-3-2011	(increase) / decrease 31-3-2012
Inventories at the end of the year			
Work-in-progress	218.798	241.302	22.504
Finished Goods	177.764	129.746	(48.018)
	<u>396.562</u>	<u>371.048</u>	<u>(25.514)</u>
Inventories at the beginning of the year			
Work-in-progress	241.302	195.597	(45.705)
Finished Goods	129.746	178.084	48.338
	<u>371.048</u>	<u>373.681</u>	<u>2.633</u>
(Increase) / Decrease in inventories of Work-in-progress and Finished Goods	<u>(25.514)</u>	<u>2.633</u>	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	2011-12	2010-11
	₹ Million	₹ Million
2.24. EMPLOYEE BENEFITS EXPENSE		
a) Pay, Allowances and Bonus	1,254.228	1,021.500
b) Contribution to Provident and other funds	66.318	66.509
c) Welfare Expenses	117.021	101.169
	<u>1,437.567</u>	<u>1,189.178</u>
2.25. FINANCE COSTS		
Interest on Loans	322.997	284.024
Other Borrowing Costs	7.906	6.681
	<u>330.903</u>	<u>290.705</u>
2.26. OTHER EXPENSES		
Power & Utilities	222.928	218.210
Stores & Spares Consumed	32.386	54.471
Repairs and Maintenance :		
- Machinery	101.033	73.636
- Building	15.637	8.698
- Others	15.863	11.304
Printing & Stationery	18.186	12.660
Postage & Telephone	16.658	13.842
Rent	15.395	11.163
Rates, Taxes & Licence	20.471	19.558
Insurance	17.915	13.514
Bank Charges	15.542	19.011
Travelling & Conveyance	92.218	84.891
Freight & Forwarding and Selling Expenses	358.920	231.715
Advertisement & Sales Promotion	13.584	2.940
Commission & Discount on Sales	25.622	28.751
Royalty	34.624	34.655
Bad Debts written off	3.398	4.647
Provision for doubtful debts (Net)	5.902	2.487
Commission / Sitting Fees to Non-Whole Time Directors	1.944	0.833
Auditors' Remuneration	3.858	2.859
Professional Charges	117.299	62.749
Exchange Fluctuation (Net)	14.460	19.540
Miscellaneous Expenses	10.491	10.852
	<u>1,174.334</u>	<u>942.986</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	2011-12 ₹ Million	2010-11 ₹ Million
2.27. EXCEPTIONAL ITEMS		
a) Profit on Sale of Instrument Cluster Business of Personal Passenger Vehicles at Pirangut, Pune on a going concern basis under Slump Sale method on 18th March, 2012	592.703	—
b) Provision for One Time Settlement in respect of Compensation for Retrenched Labour	(98.500)	—
Exceptional Income (Net)	<u>494.203</u>	<u>—</u>

2.28. EARNINGS PER SHARE

Profit After Tax	629.737	215.258
Equity Share of ₹ 1/- each (Nos. in Mn.)	90.000	90.000
Basic Earnings per share (in ₹)	7.00	2.39
Diluted Earnings per share (in ₹)	6.89	2.39
No. of Shares Outstanding - Basic (Nos. in Mn.)	90.000	90.000
No. of Shares Outstanding - Diluted (Nos. in Mn.)	94.500	90.000

2.29. THE SUBSIDIARY COMPANIES / JOINT VENTURE CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS :

S. No.	Name of the Company	Country of Incorporation	Subsidiary / Joint Venture	% of Ownership
1.	Pricol Castings Limited (formerly English Tools and Castings Limited)	India	Subsidiary	100%
2.	Integral Investments Limited	India	Subsidiary	100%
3.	PT Pricol Surya	Indonesia	Subsidiary	100%
4.	Shanmuga Steel Industries Limited (Subsidiary of Integral Investments Limited)	India	Subsidiary	100%
				(Previous Year - 49%)
5.	Pricol Pune Private Limited	India	Joint Venture	50%

2.30. INTEREST IN JOINT VENTURE:

The Company had, during the year, entered into an agreement by which the company is a party to a Joint Venture in Pricol Pune Private Limited (formerly Pricol Pune Limited). The Company has invested ₹ 50 million in 5,000,000 equity shares of ₹ 10/- each which is equivalent to an ownership interest of 50% as on 31 March, 2012.

The following represents the Group's share of assets & liabilities and Income and results of the Joint Venture included in the Balance Sheet and Statement of Profit and Loss:

	2011-12 ₹ Million	2010-11 ₹ Million
Balance Sheet		
Reserves and Surplus	342.358	—
Non Current Liabilities	29.466	—
Current Liabilities	158.934	—
Fixed Assets (Net)	390.460	—
Long Term Loans & Advances	0.777	—
Current Assets	189.521	—
Income statement		
Income	23.731	—
Expenses	23.201	—
Profit Before Tax	0.530	—
Provision for Taxes	0.172	—
Profit After Tax	0.358	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.31. List of Related parties with whom transactions have taken place during the year 2011-12 and relationship :

Key Management Personnel : Mr. Vijay Mohan, Mrs. Vanitha Mohan, Mr. Vikram Mohan, Mr. K. Udhaya Kumar and Mr. Viren Mohan **Joint Venture** : Pricol Pune Private Limited **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 Automotive Limited (formerly Xenos Technologies Limited), Penta Enterprises (India) Limited, Vascon Pricol Infrastructures Limited, Ananya Innovations 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	₹ Million			
	Key Management Personnel		Others / Joint Venture	
	2011-12	2010-11	2011-12	2010-11
Purchase / Labour Charges	—	—	174.942	186.504
Sales / Job Work Charges	—	—	44.247	77.226
Sale of Undertaking	—	—	734.000	—
Purchase of Fixed Assets	—	—	—	0.375
Sale of Fixed Assets	—	—	2.684	—
Receiving of Services	15.554	11.561	71.274	42.982
Rendering of Services	—	—	28.777	7.556
Loan / Advance Receivable / Deposit / Interest - Opening	—	—	—	10.356
Add : Amount advanced / Deposit during the year	—	—	1.089	0.025
Add : Interest receivable for the year	—	—	—	—
Less: Amount received / converted into capital during the year	—	—	—	—
Less: Interest received for the year	—	—	—	—
Less: Irrecoverable Advance Written Off	—	—	—	—
Loan / Advance Receivable / Deposit / Interest - Closing	—	—	1.089	10.381
Advances payable - Opening	—	—	—	—
Less: Amount repaid during the year	—	—	—	—
Advances payable - Closing	—	—	—	—
Investments - Opening	—	—	—	—
Add : Investments made during the year	—	—	—	—
Less: Divestment during the year	—	—	—	—
Investments - Closing	—	—	—	—
Guarantee	—	—	—	—
Receivable - Opening	—	—	431.945	449.351
Add : Amount receivable during the year	—	—	814.182	92.716
Less: Amount received during the year	—	—	820.962	110.122
Receivable - Closing	—	—	425.165	431.945
Payable - Opening	2.651	1.855	26.197	57.940
Add : Amount payable during the year	15.554	11.561	252.471	314.167
Less: Amount paid during the year	11.850	10.765	239.523	345.910
Payable - Closing	6.355	2.651	39.145	26.197

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.33. The Company's operations mainly relate to one segment, Automotive Components. The secondary segment disclosure in respect of the identified geographical segments is given below : ₹ Million

Particulars	31st March, 2012		31st March, 2011	
	Within India	Outside India	Within India	Outside India
Segment Revenue	8,449.558	2,375.369	7,599.716	1,290.976
Segment Assets	10,181.984	707.801	9,150.927	527.408
Purchase of Fixed Assets	645.325	25.742	212.787	34.189

Geographical Segment :

Segmentation of revenue is on the basis of geographical location of the customers.

Segmentation of assets is based on geographical location of the assets.

2.34. Other Notes forming part of Accounts:

These are set out in and under "Notes to Financial Statement forming part of accounts for the year ended 31st March 2012" as given in the standalone financial statements of Pricol Limited.

As per our report of date attached For Haribhakti & Co. Chartered Accountants Firm Regn. No.103523W C.S. Sathyanarayanan , Partner Membership No. 028328 Coimbatore, 29th May 2012	Vijay Mohan Chairman	For and on behalf of the Board Vanitha Mohan Vice Chairman	Vikram Mohan Managing Director
	J. Sridhar Vice President & CFO		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 Circular No. 2/2011 dated 8th February 2011

Particulars	PT Pricol Surya Indonesia	Pricol Castings Limited #	Integral Investments Limited	Shanmuga Steels Industries Limited @
	2011-12 ₹ Million			
(a) Share Capital	82.614	148.837	22.500	0.651
(b) Reserves & Surplus	(25.678)	(72.696)	1.056	(0.262)
(c) Total assets	614.316	214.985	23.575	1.294
(d) Total liabilities	614.316	214.985	23.575	1.294
(e) Details of investments *	—	—	22.969	0.689
(f) Turnover	1,109.555	239.373	0.777	10.716
(g) Profit / (Loss) Before Tax	82.562	(5.889)	0.105	10.535
(h) Provision for Taxation	24.801	—	0.008	0.900
(i) Profit / (Loss) After Tax	57.761	(5.889)	0.097	9.635
(j) Proposed Dividend	—	—	—	—
(k) Reporting Currency **	Indonesian Rupiah (IDR)	Indian Rupee (INR)	Indian Rupee (INR)	Indian Rupee (INR)

* 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, 2012 : 1 INR = 178.57 IDR. (Exchange rate as at 31st March, 2011 : 1 INR = 196.08 IDR)

Formerly, English Tools and Castings Limited

@ 100% Subsidiary of Integral Investments Limited (Previous Year - 49%)