



pricol limited

cpm towers, 109, race course, coimbatore – 641 018, india.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Forty-First Annual General Meeting of the Shareholders of the Company will be held on Friday, 2nd August 2013 at 4.30 p.m. at Chamber Hall, Chamber Towers, 8 / 732, Avinashi Road, Coimbatore - 641 018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and the Statement of Profit and Loss for the year ended 31st March 2013 and the Report of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr.C.R.Swaminathan who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr.Suresh Jagannathan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr.Vijay Mohan, whose term of office as Executive Chairman ended on 31st March 2013 and he was appointed as an additional director of the Company with effect from 1st April 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956, and holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature to the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central

Government in that behalf from time to time, or any amendments thereto), the consent of the Company be and is hereby accorded to the re-appointment of Mrs.Vanitha Mohan as Vice Chairman of the Company, for a period of three years with effect from 1st April 2013 to 31st March 2016 on the following terms and conditions with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the remuneration within the overall limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto.

REMUNERATION:

I. Salary : ₹150,000 per month in the scale ₹ 150,000 – ₹ 15,000 – ₹ 180,000

II. Commission : 1.50% of the Net Profit computed in accordance with Sections 198, 309 and 349 of the Companies Act, 1956.

III. Perquisites Category 'A'

1. Housing : Unfurnished accommodation will be provided by the Company. In its absence, 60% of the salary will be paid as House Rent Allowance.

2. Other perquisites :

The following perquisites shall be allowed subject to a maximum of 50% of salary:

- a) Leave (as per rules of the Company).
- b) Leave Travel Concession for self and her family.
- c) Reimbursement of medical expenses incurred for self and her family.
- d) Reimbursement of expenditure incurred on gas, electricity, water, furnishings and appliances.
- e) Reimbursement of club expenses for self and her family.
- f) Health and personal accident insurance cover for self and her family.

In any year, if the perquisites specified in Part III, Sub-Clause (2) above, are not availed in full, the unutilized portion of the limit shall be either carried over till the end of the term or encashed at the end of every year.

Category 'B'

Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act. Gratuity payable shall not exceed 15 days salary for each completed year of service.

Category 'C'

Provision of car with driver and telephone facility at her residence.

"RESOLVED FURTHER that in the event of no profit or inadequacy of profit, the remuneration payable to Mrs. Vanitha Mohan, Vice Chairman, shall not exceed the limit specified in Para 1(B) of Sec. II of Part II of Schedule XIII of the Companies Act, 1956, as modified from time to time or such other limits as may be notified by the Government from time to time as minimum remuneration.

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto), the consent of the Company be and is hereby accorded to the re-appointment of Mr. Vikram Mohan as Managing Director of the Company, for a period of three years with effect from 1st April 2013 to 31st March 2016 on the following terms and conditions with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any

Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the remuneration within the overall limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto.

REMUNERATION:

- I. **Salary** : ₹ 400,000 per month in the scale ₹ 400,000 – ₹ 40,000 – ₹ 480,000
- II. **Commission** : 2% of the Net Profit computed in accordance with Sections 198, 309 and 349 of the Companies Act, 1956.

III. Perquisites

Category 'A'

1. **Housing** : Unfurnished accommodation will be provided by the Company. In its absence, 60% of the salary will be paid as House Rent Allowance.

2. Other perquisites :

The following perquisites shall be allowed subject to a maximum of 50% of salary:

- Leave (as per rules of the Company).
- Leave Travel Concession for self and his family.
- Reimbursement of medical expenses incurred for self and his family.
- Reimbursement of expenditure incurred on gas, electricity, water, furnishings and appliances.
- Reimbursement of club expenses for self and his family.
- Health and personal accident insurance cover for self and his family.

In any year, if the perquisites specified in Part III, Sub-Clause (2) above, are not availed in full, the unutilized portion of the limit shall be either carried over till the end of the term or encashed at the end of every year.

Category 'B'

Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under the Income-Tax Act. Gratuity payable shall not exceed 15 days salary for each completed year of service.

Category 'C'

Provision of car with driver and telephone facility at his residence.

"RESOLVED FURTHER that in the event of no profit or inadequacy of profit, the remuneration payable to Mr. Vikram Mohan, Managing Director, shall not exceed the limit specified in Para 1(B) of Sec. II of Part II of Schedule XIII of the Companies Act, 1956, as modified from time to time or such other limits as may be notified by the Government from time to time as minimum remuneration.

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT subject to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Non-Whole Time Directors of the Company be paid a Commission of an amount not exceeding one percent of the Net Profit of the Company per annum as computed in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, for the financial year ended 31st March 2013 to 31st March, 2017."

"RESOLVED FURTHER THAT quantum of Commission payable to each Non-Whole Time Director may be decided by the Board from time to time as it may deem fit."

Coimbatore
29th May 2013

By order of the Board
Vijay Mohan
Chairman

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON HIS BEHALF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. INSTRUMENTS OF PROXY FOR USE AT THE ABOVE MEETING MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.
2. The Register of Members and Transfer Books of the Company will be closed from 11th June 2013 to 12th June 2013 (both days inclusive) for the purpose of declaration of dividend and Annual General Meeting.
3. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out at Item No.6 to 9 above and the relevant details pursuant to the provisions of Clause 49 of the Listing Agreement executed with Stock Exchanges are annexed hereto.
4. Brief resume of the directors seeking appointment / reappointment and other details as stipulated under clause 49 (IV) (G) of the Listing Agreement are provided in the Report on Corporate Governance forming part of Annual Report 2013.
5. Queries on the Accounts and operations of the Company, if any, may be sent to the Company at its Registered Office (and marked for the attention of the Company Secretary) at least seven days in advance of the meeting.
6. Members are requested to bring their copy of the Annual Report - 2013 to the meeting.
7. Please quote your Folio Number and our Company's Name in all your correspondence with Integrated Enterprises (India) Limited, 2nd Floor, "KENCES" Towers 1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017 who are acting as our Registrar & Share Transfer Agents.
8. Members who are holding shares in physical form are requested to intimate immediately their change of address / change of bank account, if any, to the Company / Registrar & Share Transfer Agent quoting reference of the Registered Folio Number. Members who are holding shares in dematerialized form are requested to intimate immediately their change of address / change of bank account, if any, to their respective Depository Participant.

9. You may now avail of the facility of nomination by nominating, in the prescribed form, a person to whom your shares in the Company shall vest in the event of death. Interested members may write to the Company / Registrar & Share Transfer Agent for the prescribed form. Members holding shares in the dematerialized form may contact their Depository Participant for recording the nomination in respect of their shares.
10. Please encash your dividend warrants immediately on their receipt by you, as dividends remaining unclaimed for seven years are now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government and you shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter.
11. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN Card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares held in Physical form. Shareholders are requested to furnish copy of PAN card for all above mentioned transactions.
12. Under Clause 5All(h) of the Listing Agreement entered with Stock Exchanges, the Company had sent three reminders to the Shareholders for getting their confirmation on unclaimed shares. Based on the confirmation received from the shareholders the Company had demat the shares in the name of "Pricol Limited Unclaimed Suspense Account". The voting rights of these shareholders shall remain frozen till the rightful owner claims the same.
13. The Ministry of Corporate Affairs (MCA), Govt. of India, has undertaken a 'Green Initiative in the Corporate Governance' by allowing paperless compliance by Companies through electronic mode, vide its circulars dated 21st April 2011 and 29th April 2011. To take part in the above 'Green Initiative', your company proposes to send communications / documents including Notice for General Meeting(s) and Annual Report from time to time in electronic mode to those members who have registered their email address with the Company / Depository Participants (DP).

The members who have not yet registered their email address are requested to register / update their email address in respect of equity shares held by them in demat form with their respective DP's and in the case of physical form with the Company.



EXPLANATORY STATEMENT

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

Item No.6

Mr.Vijay Mohan, 65 years of age, the Chairman of the Company, holds Bachelor degree in Mechanical Engineering from PSG College of Technology and Masters in Management Science from USA. He holds 9,544,440 shares in the Company.

He is also a Director in Precot Meridian Limited, Pricol Castings Limited, Pricol Holdings Limited, Pricol Packaging Limited, Pricol Properties Limited, Pricol Technologies Limited, Xenos Automotive Limited, Pricol Medical Systems Limited, Pricol Components Limited and Johnson Controls Pricol Private Limited. He is a President Commissioner in PT Pricol Surya, Indonesia. He is a member in Shareholders / Investors Relations Committee of Pricol Limited and Precot Meridian Limited.

The term of office of Mr.Vijay Mohan as Executive Chairman of the Company ended on 31st March 2013. He was appointed as an Additional Director of the Company with effect from 1st April 2013. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr.Vijay Mohan, will hold the office of a Director upto the forthcoming Annual General Meeting. The Company received a Notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956, proposing the candidature of Mr.Vijay Mohan for the office of Director.

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

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

Item No.7

Mrs.Vanitha Mohan, 60 years of age, the Vice Chairman of the Company, is a Commerce Graduate with a Post Graduate Diploma in Business Management from the University of Strathclyde, Glasgow, UK. She heads the Internal Audit functions and Corporate Social Responsibilities of the Company. She holds 3,801,180 shares in the Company.

She is also a Director in Pricol Travel Limited, Pricol Properties Limited, Prime Agri Solutions (India) Limited, Tamilnadu Corporation for Development of Women Limited, Sagittarius Investments Private Limited, Shrimay Enterprises Private Limited and Bhavani Infin Services India Private Limited. She is also a member of the Audit Committee and Shareholders / Investors Relations Committee of the Company.

She is the Managing Trustee of SIRUTHULI, an NGO formed to address the environmental issues of Coimbatore with focus on water management and enhancement of green cover of the city. She is the Vice President of RAAC (Residents' Awareness Association of Coimbatore) which focuses on the infrastructure and hygiene management of Coimbatore. She is a member of CTAG (City Technical Advisory Group) of the Coimbatore Corporation. She is a member of the Governing Council of the Coimbatore Chapter of the Indian Chamber of Commerce and Industry.

Subject to the approval of the shareholders, the Board of Directors, at their meeting held on 29th March 2013 have re-appointed her as Vice Chairman for a period of three years with effect from 1st April 2013 to 31st March 2016 and fixed the remuneration payable to her as set out in the text of the resolution. The proposed appointment, remuneration and perquisites conform to the requirement of Schedule XIII to the Companies Act, 1956. Part III of Schedule XIII to the Companies Act, 1956, requires the appointment and remuneration to be approved by a resolution of the shareholders in general meeting.

Abstract of the term of the contract between the Company and Mrs.Vanitha Mohan pursuant to Section 302 of the Companies Act, 1956 already circulated to the members.

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

The Board commends the resolution set out at Item No.7 of the Notice for your approval.

Item No.8

Mr.Vikram Mohan, 38 years of age, the Managing Director of the Company, holds a Bachelors Degree in Production Engineering with Honours from PSG College of Technology, Coimbatore. Mr.Vikram Mohan shall be responsible for Customer Relationship Management, Human Resources & Industrial Relations, Business Development, Strategy, Finance and General Administration of the Company.

He is also a Director in Pricol Properties Limited, Pricol Technologies Limited, Pricol Travel Limited, Pricol Holdings Limited, Pricol Packaging Limited, Vascon Pricol Infrastructures Limited, M and M Enterprises (India) Limited, Priara Enterprises Limited, Prime Agri Solutions (India) Limited, Prinfra Limited, Pricol Asia Pte Limited, Singapore and Carcerano Pricoltech (India) Private Limited. He is a Managing Director of Pricol Technologies Limited and also Commissioner in

PT Pricol Surya, Indonesia. He holds 3,363,960 shares in the Company.

Subject to the approval of the shareholders, the Board of Directors, at their meeting held on 29th March 2013 have re-appointed him as Managing Director for a period of three years with effect from 1st April 2013 to 31st March 2016 and fixed the remuneration payable to him as set out in the text of the resolution. The proposed appointment, remuneration and perquisites conform to the requirement of Schedule XIII to the Companies Act, 1956. Part III of Schedule XIII to the Companies Act, 1956, requires the appointment and remuneration to be approved by a resolution of the shareholders in general meeting.

Abstract of the term of the contract between the Company and Mr.Vikram Mohan pursuant to Section 302 of the Companies Act, 1956 was already circulated to the members.

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

The Board commends the resolution set out at Item No.8 of the Notice for your approval.

Item No.9

Shareholders at their meeting held on 3rd August 2007 had approved remuneration by way of commission of an amount not exceeding 1% of the Net Profit to the Non-Whole Time Directors for a period of 5 years. Since the said period had expired, it is proposed to pass a resolution enabling the company to make payment of remuneration by way of commission of an amount not exceeding 1% of the Net Profit to the Non-Whole Time Directors for a further period of 5 years with effect from the financial year ended 31st March 2013. The quantum of commission payable to each director will be decided by the Board of Directors.

All the Directors are deemed to be interested in this resolution.

The Board commends the resolution set out at Item No.9 of the Notice for your approval.

INFORMATION TO BE PROVIDED UNDER SCHEDULE XIII, PART II (B) OF THE COMPANIES ACT, 1956:

I. General Information :

| | |
|---|------------------------------------|
| 1. Nature of Industry: | Auto Parts & Equipments |
| 2. Date or expected date of commencement of commercial production: | Not applicable |
| 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: | Not applicable |

4. Financial performance based on given indicators:

| Particulars | ₹ Million | | |
|----------------------------|------------------|-----------|-----------|
| | 2012-13 | 2011-12 | 2010-11 |
| Sales and other income | 8,738.943 | 9,649.401 | 8,427.330 |
| Profit Before Tax | 136.717 | 663.160 | 215.723 |
| Profit After Tax | 157.404 | 564.160 | 231.148 |
| Paid up equity capital | 90.000 | 90.000 | 90.000 |
| Reserves and surplus | 2,455.275 | 2,339.989 | 1,859.509 |
| Basic earnings per share | 1.75 | 6.27 | 2.57 |
| Diluted earnings per share | 1.67 | 6.18 | 2.57 |

5. Export performance and Net Foreign Exchange :

| | ₹ Million |
|--------------------------------|-----------|
| Export performance (FOB Value) | 1,233.704 |
| Foreign Currency Expenditure | 1,542.687 |
| Net Foreign Exchange Earnings | (308.983) |

6. Foreign investments and collaborators, if any:

| Foreign Investments | ₹ Million |
|--|-----------|
| PT Pricol Surya, Indonesia, Wholly Owned Subsidiary | 123.877 |
| Pricol Asia Pte, Ltd, Singapore, Wholly Owned Subsidiary | 0.028 |

II. Information about the Appointee:

Mrs.Vanitha Mohan

- Background details:** Mrs.Vanitha Mohan, 60 years of age, is an Industrialist, and is a Director in Four Public Limited Companies.
- Past remuneration:** ₹ 77,000 per month and commission upto 1% of the net profit plus allowance and perquisites.
- Recognition or awards:** B.Com, PG Diploma in Business Management
- Job Profile and her suitability:** Mrs.Vanitha Mohan is the Vice Chairman of the Company. She heads the Internal Audit functions and Corporate Social Responsibilities of the Company. She is the Managing Trustee of SIRUTHULI, an NGO. She is also the Vice President of RAAC (Resident's Awareness Association of Coimbatore) and a member of CTAG (City Technical Advisory Group) of the Coimbatore Corporation.
- Remuneration proposed:** Refer Resolution No.7
- Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered on her and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.

- Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**

Mrs.Vanitha Mohan is related to Mr.Vijay Mohan, Mr.D.Sarath Chandran and Mr.Vikram Mohan.

Mr.Vikram Mohan

- Background details:** Mr.Vikram Mohan, 38 years of age, is an Industrialist, and is a Director in Ten Public Limited Companies.
- Past remuneration:** ₹ 121,000 per month and commission upto 1% of the net profit plus allowance and perquisites.
- Recognition or awards:** Bachelor Degree in Production Engineering (Hons)
- Job Profile and his suitability:** Mr.Vikram Mohan is the Managing Director of the Company. He has joined the Company as Director on 29th May 2009 and appointed as Managing Director of the Company on 7th November 2011. Mr.Vikram Mohan is responsible for Customer Relationship Management, Human Resources & Industrial Relations, Business Development, Strategy, Finance and General Administration of the Company.
- Remuneration proposed:** Refer Resolution No.8
- Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is commensurate with the remuneration packages paid in comparable companies.

- Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**

Mr.Vikram Mohan is related to Mr.Vijay Mohan, Mrs. Vanitha Mohan and Mr.D.Sarath Chandran.

III. Other Information :

- | | |
|---|---|
| 1. Reasons for loss or inadequate profits: | Not Applicable |
| 2. Steps taken or proposed to be taken for improvement: | Not Applicable |
| 3. Expected increase in productivity and profits in measurable terms: | Considering the prevalent volatile conditions in the Auto industry, the turnover and profitability are not predictable. |

IV. Disclosures :

- | | |
|--|---|
| 1. The shareholders of the company shall be informed of the remuneration package of the managerial person: | Disclosed |
| 2. The following disclosures shall be mentioned in the Board of Directors' report under the heading "Corporate Governance", if any, attached to the annual report: | |
| a. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors: | Disclosed |
| b. Details of fixed component and performance linked incentives along with the performance criteria: | Disclosed |
| c. Service contracts, notice period, severance fees: | Disclosed |
| d. Stock option details: | The Company has not issued any Stock option. |

The Company has not defaulted in repayment of any of its debt / debentures / public deposits.

Coimbatore
29th May, 2013

By order of the Board
Vijay Mohan
Chairman



pricol limited

regd. office : cpm towers, 109, race course, coimbatore – 641 018, india.

ATTENDANCE SLIP

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

Name & Address of Member

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

I hereby register my presence at the **41st Annual General Meeting** of the Company held on **Friday, the 2nd August 2013 at 4.30 p.m. at Chamber Hall, Chamber Towers, 8 / 732, Avinashi Road, Coimbatore - 641 018.**

Signature of Member / Proxy*

* Please indicate whether Member / Proxy



pricol limited

regd. office : cpm towers, 109, race course, coimbatore – 641 018, india.

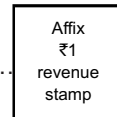
PROXY FORM

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

I / We _____ of _____ being a member / members of Pricol Limited hereby appoint _____ of _____ or failing him _____ of _____ as my / our proxy to vote for me / us on my / our behalf at the 41st Annual General Meeting of the Company to be held on Friday, the 2nd August 2013 at any adjournment thereof.

Signed this _____ day of _____ 2013.

Signature



- Notes:**
1. The Proxy, to be effective, should be deposited at the Registered Office of the Company at: cpm towers, 109, race course, coimbatore – 641 018 not later than FORTY-EIGHT hours before the commencement of aforesaid meeting.
 2. A Proxy need not be a member of the Company.

BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman
Mrs. Vanitha Mohan, Vice Chairman
Mr. Vikram Mohan, Managing Director
Mr. K. Udhaya Kumar, President
Mr. Suresh Jagannathan
Mr. C.R. Swaminathan
Mr. D. Sarath Chandran
Mr. R. Vidhya Shankar
Mr. G. Soundararajan
Mr. K. Murali Mohan

COMPANY SECRETARY

Mr. T.G. Thamizhanban

AUDITORS

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

BANKERS

| | |
|---------------------|-------------------------|
| State Bank of India | The Bank of Nova Scotia |
| IDBI Bank Limited | Indian Overseas Bank |
| ICICI Bank Limited | |

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

PLANT I

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

PLANT II

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

PLANT III

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

PLANT V

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

PLANT VI

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

PLANT VII

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

CONTENTS

PAGE

| | |
|--|----|
| Directors' Report & Management Analysis | 2 |
| Report on Corporate Governance | 9 |
| Independent Auditors' Report | 19 |
| Balance Sheet | 22 |
| Statement of Profit & Loss | 23 |
| Cash Flow Statement | 24 |
| Notes to Financial Statements | 25 |
| Consolidated Financial Statements | 41 |

DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Your Directors have pleasure in presenting the Forty First Annual Report and audited accounts for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

The summarised financial results are :

| | ₹ Million | |
|---|------------------|------------------|
| | 2012-13 | 2011-12 |
| Net Sales & Services | | |
| - Domestic | 6,996.684 | 7,886.746 |
| - Export | 1,285.912 | 1,428.047 |
| Total | <u>8,282.596</u> | <u>9,314.793</u> |
| Profit from Operations before Finance Cost, Depreciation and Amortisation Expense & Exceptional Items | 619.525 | 758.789 |
| Less : Finance Costs | 163.307 | 297.921 |
| : Depreciation & Amortisation Expense | 319.501 | 291.911 |
| Profit from Operations before Exceptional Items | 136.717 | 168.957 |
| Add : Exceptional Items (Net) | — | 494.203 |
| Profit Before Tax | <u>136.717</u> | <u>663.160</u> |
| Less : Tax Expense | | |
| Current Tax | 32.811 | 141.000 |
| Deferred Tax | (11.000) | 44.000 |
| MAT Credit | (32.066) | (86.000) |
| For earlier years | (10.432) | — |
| Profit for the Year | <u>157.404</u> | <u>564.160</u> |
| Add : Surplus - Opening | 145.080 | 114.600 |
| Amount available for appropriation | <u>302.484</u> | <u>678.760</u> |

DIVIDEND

Your Directors recommend a dividend of 40% (₹ 0.40 per share of ₹1 face value) on the paid-up equity share capital of the Company for the year ended 31st March, 2013.

APPROPRIATION

| | ₹ Million | |
|--|----------------|----------------|
| | 2012-13 | 2011-12 |
| Dividend ₹ 0.40 per share of ₹ 1.00 face value. (Previous year - ₹ 0.40 regular dividend plus ₹ 0.40 special dividend from profit on sale of unit, totaling ₹ 0.80 per share of ₹ 1.00 face value) | 36.000 | 72.000 |
| Tax on Dividend | 6.118 | 11.680 |
| General Reserve | 75.000 | 450.000 |
| Surplus to be carried over | 185.366 | 145.080 |
| Total | <u>302.484</u> | <u>678.760</u> |

AUTO INDUSTRY

As against a growth of 14% in the previous financial year, in the year 2012-13, the domestic auto industry grew by 2% only.

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

| Category | Vehicles Sold | | Growth |
|-----------------------------------|-------------------|-------------------|-------------|
| | 2012-13 | 2011-12 | 2012-13 |
| | In numbers | | % |
| Passenger Car | 2,440,127 | 2,532,852 | -3.66 |
| Utility Vehicle | 561,921 | 368,993 | 52.29 |
| Vans | 239,314 | 236,777 | 1.07 |
| Medium & Heavy Commercial Vehicle | 287,282 | 377,711 | -23.94 |
| Light Commercial Vehicle | 585,812 | 524,046 | 11.79 |
| Scooters / Scooterettee | 3,014,485 | 2,653,421 | 13.61 |
| Motor cycles | 11,952,135 | 11,944,898 | 0.06 |
| Mopeds | 792,069 | 785,942 | 0.78 |
| Three Wheelers | 841,379 | 875,034 | -3.85 |
| Total | <u>20,714,524</u> | <u>20,299,674</u> | <u>2.04</u> |

OPERATIONS

Our domestic sales in 2011-12 was ₹ 6,747 Million (excluding sales of ₹ 1,140 Million transferred in March, 2012 to wholly owned subsidiary Pricol Pune Limited. This wholly owned subsidiary subsequently became JV with Johnson Controls).

During 2012-13, our domestic sales increased to ₹ 6,997 Million, an increase of 3.70% despite a negative growth in passenger car, commercial vehicles, 3 Wheelers and only negligible growth in 2 Wheeler Segment.

Our export sales decreased to ₹ 1,286 Million from ₹ 1,428 Million, a decline of nearly 10%, due to adverse economic conditions prevailing in Europe and slow economic recovery in USA, the two major areas of our exports.

The overall sales increased from ₹ 8,175 Million in 2011-12 (excluding sales transferred to Pricol Pune Limited) to ₹ 8,283 Million, a growth of 1.32%.

The company was able to achieve profit from operation of ₹ 137 Million (₹ 169 Million in 2011-12), in spite of negligible growth in domestic market, negative growth in exports coupled with increase in power cost due to heavy power shutdowns in State of Tamilnadu and increase in all input costs. This was achieved mainly due to several cost reduction initiatives implemented by the company.

For the ensuing year 2013-14, the Company's balance business (excluding the business sold to wholly owned

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

subsidiary, Pricol Components Limited) is expected to grow by 10%, mainly due to new business generated. The company has embarked upon further improving operational efficiency, efforts to control cost and expects to improve profits for the year 2013-14.

SUBSIDIARY COMPANIES

PT Pricol Surya, Indonesia

The new regulation introduced by the Central Bank of Indonesia (Bank Indonesia) to increase the down payment for purchase of new vehicles from 10% to 30%, affected the purchasing power of the consumer and consequent to that the company's sales decreased to ₹ 1,006 Million for the financial year 2012-13, from ₹ 1,110 Million, in the previous financial year. From January 2013, employing outsourced labour has been restricted to non-production activity and coupled with increase in Minimum Wages by 58 % as mandated by Indonesian authorities, the operating cost increased. The decrease in sales and increase in employee cost affected the profits. The company achieved Profit Before Tax of ₹ 60 Million against ₹ 72 Million for 2011-12.

The outlook for the Company is promising for the financial year 2013-14 in terms of sales growth and profits.

Pricol Limited, the parent company infused further USD 1 Million to enhance the equity capital of the company.

Pricol Castings Limited

During the year 2012-13, the company's turnover was ₹ 268 Million against ₹ 239 Million achieved during the previous year, an increase of 12 % over previous year.

Despite overall increase of power, fuel and other costs, the company earned a marginal profit of ₹ 1.02 Million during the year 2012-13 against loss of ₹ 5.89 Million in the year 2011-12.

The outlook for the Company is promising for the financial year 2013-14 with good order book. In order to manage the continuously rising costs of power and fuel, the company is installing a Biogasifier Plant, for generating gas. This gas will be used for melting aluminium, rather than costly electric power. This will result in reduction of Power and Fuel Cost from the second half of this financial year.

Due to increase in sales and reduction in power cost for the second half of the financial year, the profits will be better.

Pricol Limited, the parent company infused further ₹ 29.145 Million to enhance the equity capital of the company.

Pricol Asia Pte Limited, Singapore

A wholly owned subsidiary company incorporated on 27th August, 2012, mainly to assist in global procurement of raw materials and components for Pricol Limited and its associates.

During the year, the company earned a profit of ₹ 5.16 Million.

Integral Investments Limited

A wholly owned subsidiary during the financial year 2012-13 incurred a loss of ₹ 0.21 Million.

Shanmuga Steel Industries Limited

A wholly owned subsidiary of Integral Investments Limited during the year 2012-13 incurred a loss of ₹ 0.23 Million.

Pricol Components Limited

On 22nd April, 2013 the company transferred its Denso Technology Instrument Cluster Business pertaining to Toyota Kirloskar Motors Limited and Maruti Suzuki India Limited, at Coimbatore and Gurgaon Plants respectively, to Pricol Components Limited (erstwhile Wholly Owned Subsidiary) for a value of ₹ 583 Million. The net cash inflow out of slump sale, net of assets transferred, capital gains tax and share capital infused into Pricol Components Limited is ₹ 417 Million, for the financial year 2013-14.

JOINT VENTURES

Johnson Controls Pricol Private Limited

The 50:50 Joint Venture Company between Pricol Limited and M/s. Johnson Controls Enterprise Limited, UK (a Wholly Owned Subsidiary of Johnson Controls, Inc. USA), manufactures instrument clusters for Personal Passenger Vehicles (Scooter, Motor Cycle, Car & Multi Purpose Vehicle). During the financial year 2012-13, the company made a turnover of ₹ 1,234.06 Million. The operational profit before tax prior to amortisation of goodwill was ₹ 24.64 Million. Post amortisation of goodwill ₹ 60.16 Million, there was a loss of ₹ 35.52 Million.

Denso Pricol India Limited

The Wholly Owned Subsidiary, Pricol Components Limited became a 51:49 Joint Venture between M/s. DENSO Corporation, Japan and Pricol Limited. Subsequent to the formation of JV, the name of the company changed from Pricol Components Limited to Denso Pricol India Limited.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

OUTLOOK, OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS

The slowdown in economic activity coupled with high interest rates and rising fuel and vehicle prices have dampened consumer sentiments. With inflation expected to reduce and interest rates softening, the Overall Indian Auto Industry in 2013-14 is expected to grow at a moderate rate of 5 - 6% only over the previous year. The Global Economy recovery is still weak. This would mean weak exports forecasts for India in 2013-14. Global OEMs continue to look to India as a preferred manufacturing location, for both the domestic and export markets.

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.

Amidst these uncertain market conditions, we can still aim for opportunities in the domestic market especially in the two wheeler segment. It is driven by the increasing spending power and disposable income, especially with the younger population. Passenger Vehicles, Small & Light CVs and Tractor segments are experiencing steady growth rates which should be viewed as opportunities for achieving higher growth during the fiscal year.

Hence focusing on increasing the Company's share of business with the Major Customers with our wide variety of products would allow us to grow in times of uncertain market conditions.

During the fiscal year, the pressure on selling prices will have an impact on the profitability. Further weakening of the Rupee could impact Auto Component Supplier's profitability, as cost increases for imported components would only be partially compensated by OEMs. The liquidity stress faced by OEMs could be passed down the value chain leading to longer credit periods and higher working capital needs.

We are planning to reduce the above risks through optimisation of material costs through consolidation of supplier base, strategic sourcing initiatives, product innovation resulting into creating product differentiators, focused cost reduction drives across the company thereby leading to reducing costs and improvement in profitability. A Company Management Committee comprising all heads of various functions has been formed to achieve the above stated plans.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company's internal control systems has been

strengthened 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 and management policies and procedures.

The company, through its own Corporate 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 from 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 and 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 arising are identified and prioritised. Risk mitigation activities 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, 2013 is Nil.

The company undertook several steps to reduce its borrowings to keep a control over the cost of borrowings.

ICRA has upgraded the credit rating to 'BBB' 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

The Board reappointed Mrs.Vanitha Mohan as Vice Chairman and Mr.Vikram Mohan as Managing Director of the Company with effect from 1st April, 2013.

The company's stated policy is that all Whole Time Directors should step down on completion of 65 years and Non Whole Time Directors should step down on completion of 70 years. Since Mr.Vijay Mohan has completed 65 years, he has stepped down from the

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

position of Executive Chairman of the company. The Board has appointed him as an additional director (Non-Executive Chairman) under Section 260 of the Companies Act, 1956. He vacates office on the date of the forthcoming 41st Annual General Meeting and is eligible for appointment.

Mr.C.R.Swaminathan and Mr.Suresh Jagannathan Directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Mr.V.Ramakrishnan has resigned effective 31st March, 2013 due to his personal commitments.

Mr.Hiroyuki Wakabayashi has resigned effective 26th April, 2013 due to his other commitments. Consequently, Mr.Nobuhiro Takahashi vacated his office as Alternate Director to Mr.Hiroyuki Wakabayashi with effect from 26th April, 2013.

The Board of Directors places on record their warm appreciation of the valuable contribution made by Mr.V.Ramakrishnan, Mr.Hiroyuki Wakabayashi and Mr.Nobuhiro Takahashi during their 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. Your Board recommends their appointment as the Statutory Auditors of the Company.

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.

COST AUDITORS

M/s.STR & Associates., Cost Accountants, has been appointed as the Cost Auditors for conducting Cost Audit for the financial year 2012-13. The Cost Audit Report will be filed within the stipulated period of 180 days of the close of the financial year.

The Board of Directors at its meeting held on 29th May, 2013 reappointed M/s.STR & Associates., Cost Accountants, as the Cost Auditors for conducting the Cost Audit for the financial year 2013-14.

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

Further to the Memorandum of Understanding reached between the Management and the Labour Union during

February 2012, productivity linked wage agreement under Section 12(3) of The Industrial Disputes Act was signed on 8th June, 2012 before the Additional Commissioner of Labour, Chennai, covering various issues. Operators have reached the agreed work norms effective 1st June, 2012 and have also increased 8% additional productivity effective 15th July, 2012.

Through this settlement, it was agreed by both the parties to withdraw all the cases pending before various Labour Forums. Accordingly, cases before the Labour Court and the Writ Petitions before the Madras High Court were withdrawn by both parties. A four member committee, as per the terms of settlement, is working towards settling the issues of dismissed and suspended workmen.

CORPORATE SOCIAL OBJECTIVES

With Pricol's longstanding commitment on service to the society, we are determined to create a better environment and society. As good corporate citizens, we feel responsible to actively contribute our best efforts to enhance the society and the environment.

Pricol group has initiated "We Care", a program to enhance the CSR activities of Pricol Limited.

"We Care" has clear objective towards the following CSR activities:

- Providing medical aid for the unreached rural areas ;
- Conducting awareness campaigns ;
- Supporting the needy educational & charity institutions ;
- Creating a greener environment.

As part of "We Care", we continuously hold a variety of events that are in alignment with the above mentioned purpose.

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 ₹ 1,233.704 Million (₹ 1,325.521 Million in 2011-12). The revenue expenditure in foreign currency was ₹ 1,533.703 Million (₹ 1,781.206 Million in 2011-12) and the capital expenditure was ₹ 8.984 Million (₹ 55.950 Million in 2011-12).

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

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

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.

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 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, 2013 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, 2013 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 2012-13.

CAUTIONARY STATEMENT

Management Discussion and Analysis forming part of this Report is in compliance with Corporate Governance Standards incorporated in the listing agreement with Stock Exchanges and such statements may be "forward-looking" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

ACKNOWLEDGEMENTS

The Board wishes to place on record appreciation to Denso Corporation, Japan, Johnson Controls, USA, Customers, Distributors, Dealers, Suppliers, Shareholders, Bankers, Government Authorities and Other Technology Partners for their continued support and cooperation during the year under review. The Directors also wish to place on record their appreciation to the employees at all levels for their continued cooperation and commitment.

For and on behalf of the Board

Coimbatore
29th May, 2013

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

With 34 patents and 9 design applications registered under patent grant process and additional patents under registration review, the company has implemented effective patenting system for fostering innovation for growth across all product development functions.

- Design and development of new technology products.
- Design quality and feature enhancements in existing products through technology migration.
- Value engineering and cost effective alternatives development for competitive advantage.
- Deploying emerging technologies in key instrumentation domains for electro-mechanical actuation, sensing and telematics for state of the art powertrain requirements in the future automobiles.
- Deployment of technologies in processes to complement innovative design solutions for growth and for market requirements.
- Build and foster domain expertise in the areas of automotive infotainment displays, Human Machine Interface (HMI) and sensing technologies for green transportation initiatives.

(ii) Benefits derived from R&D

- Meeting customer targets on quality, cost and delivery of new products and its variants
- Ensures development and delivery of new products with state of the art technologies.
- Complements new product development for market competitiveness and sustenance through value engineering methods to meet the target cost and quality requirements.
- Identifies and implements emerging technologies and production processes, and their deployment horizontally in applicable products.
- Develops products with validated Intellectual Property Rights (IPR) and regulations through benchmark studies.

(iii) Future plan of action

- Deploy value engineering solutions across product range for cost reduction, quality enhancement and competitiveness, through waste elimination.
- Adopt collaborative product design and development processes with customers and suppliers for enhanced competitiveness in cost & quality.
- Enhance new technology development through collaborations with educational institutions, research houses and government organisations for meeting global demands.
- Focus enhanced IPR base across all product design and development processes for innovation and growth.

ANNEXURES TO DIRECTORS' REPORT (Contd.,)

| | |
|--|----------------|
| Expenditure on R & D : | 2012-13 |
| | (₹ Million) |
| Capital | 83.120 |
| Recurring | 260.752 |
| | 343.872 |
| Total | 343.872 |
| R & D expenditure as a percentage of sales | 4.15 % |

II. Technology Absorption, Adaptation and Innovation

Imported Technology

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 Variable Flow VANE type Oil Pump and Vacuum Pump is under absorption. Product proving and validation along with customer is planned for 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, 2013.

| Name & (Age) | Designation (Nature of Duties) | Remuneration (₹ in Million) | | Qualification & Experience (Years) | Date of Commencement of Employment | Last Employment |
|---------------------------------------|---|--------------------------------|-------|---|--|--|
| | | Gross | Net | | | |
| Vijay Mohan (65) | Chairman (General Management of affairs of the Company) | 5.447 | 2.904 | Bachelor of Engineering (Mechanical) & Master of Management Science (40) | 3rd April, 1973 | — |
| Vikram Mohan (38) | Managing Director (Customer Relationship Management, HR & IR Business Development, Strategy, Finance and General Administration) | 4.075 | 2.589 | Bachelor of Engineering (Production Engineering) (17) | 7th November, 2011 | Pricol Corporate Services Limited |
| Subbaiah Uthappa Kokkalera (54) | Chief Executive Officer (Day-to-day business operations of the company, Sales & Marketing, Product Development Engineering, and Quality Engineering) | 8.846 | 5.612 | Bachelor of Engineering (Mechanical) & PG Diploma in Management (31) | 17th May, 2012 | Tyco Electronics Corporation India (P) Limited |

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 and Mr.Vikram Mohan own more than 2% of the equity shares of the Company as on 31st March, 2013.
2. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and superannuation fund.
3. 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, 2013 the company's Board comprised of 12 Directors. The Board consists of 4 (33%) Executive Directors and 8 (67%) Non-Executive Directors, 6 of whom are independent.

The company's stated policy is that all Whole Time Directors should step down on completion of 65 years and Non Whole Time Directors should step down on completion of 70 years.

Since Mr Vijay Mohan has completed 65 years, he has stepped down from the position of Executive Chairman of the company. The Board has appointed him as Non-Executive Chairman of the company.

As on 1st June, 2013 the company's Board will comprise of 9 Directors. The Board consists of 2 (22%) Executive Directors and 7 (78%) Non-Executive Directors, 5 of whom are independent. Details are given in the table below.

The members of the Board are well-experienced professionals and industrialists. The day-to-day management affairs are handled by Mr. Vikram Mohan, Managing Director, subject to the supervision, control and direction of the Board of Directors and is assisted by Mrs. Vanitha Mohan, Vice Chairman. 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 | 5 | — | 2 | 3 | — | — | 1 |
| Mr.R.Vidhya Shankar | Non-Executive – Independent | 4 | ✓ | 1 | — | — | 1 | — |
| Mr.G.Soundararajan | Non-Executive - Independent | 4 | — | — | 5 | 2 | — | — |
| Mr.K.Murali Mohan | Non-Executive - Independent | 5 | ✓ | 3 | — | — | 2 | — |
| Mr.D.Sarath Chandran | Non-Executive – Promoter | 3 | — | 6 | — | — | 2 | — |
| Mr.Vijay Mohan, Chairman | Non-Executive - Promoter | 5 | ✓ | 9 | 1 | — | 2 | — |
| Mrs.Vanitha Mohan, Vice Chairman | Executive - Promoter | 5 | ✓ | 4 | 3 | — | — | — |
| Mr.Vikram Mohan, Managing Director | Executive - Promoter | 5 | ✓ | 10 | 1 | 1 | — | — |
| Mr.K.Udhaya Kumar, President (Upto 31st May, 2013) | Executive | 4 | — | 3 | — | 1 | 1 | — |
| Mr.V.Ramakrishnan (Upto 31st March, 2013) | Non-Executive | 5 | — | — | — | 5 | — | — |
| Mr.Hiroyuki Wakabayashi (Upto 26th April, 2013) | Non-Executive – Independent | 1 | — | — | — | 2 | — | — |
| Mr.Nobuhiro Takahashi (Alternate director to Mr.Hiroyuki Wakabayashi)(Upto 26th April, 2013) | Non-Executive - Independent | 4 | — | — | 1 | — | — | — |

REPORT ON CORPORATE GOVERNANCE (Contd.,)

As detailed in the table above, none of the directors is a member of more than Ten Board level (Audit and Shareholders' Grievance) 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.

c. Board Meetings:

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

During the year 2012-13, the board met 5 times on 29th May 2012, 6th August 2012, 6th November 2012, 5th February 2013 and 29th March 2013 and the gap between two meetings did not exceed four months.

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

Mr.Vikram Mohan, 38 years of age, the Managing Director of the Company, holds a Bachelors Degree in Production Engineering with Honours from PSG College of Technology, Coimbatore. Mr.Vikram Mohan shall be responsible for Customer Relationship Management, Human Resources & Industrial Relations, Business Development, Strategy, Finance and General Administration of the Company.

He is also a Director in Pricol Properties Limited, Pricol Technologies Limited, Pricol Travel Limited, Pricol Holdings Limited, Pricol Packaging Limited, Vascon Pricol Infrastructures Limited, M and M Enterprises (India) Limited, Priara Enterprises Limited, Prime Agri Solutions (India) Limited, Prinfra Limited, Pricol Asia Pte Limited, Singapore and Carcerano Pricoltech (India) Private Limited. He is a Managing Director of Pricol Technologies Limited and also Commissioner in PT Pricol Surya, Indonesia. He holds 3,363,960 shares in the Company.

Mrs.Vanitha Mohan, 60 years of age, the Vice Chairman of the Company is a Commerce Graduate with a Post Graduate Diploma in Business Management from the University of Strathclyde, Glasgow, UK. She heads the Internal Audit functions and Corporate Social Responsibilities of the Company. She holds 3,801,180 shares in the Company.

She is also a Director in Pricol Travel Limited, Pricol Properties Limited, Prime Agri Solutions (India) Limited, Tamilnadu Corporation for Development of Women Limited, Sagittarius Investments Private Limited, Shrimay Enterprises Private Limited and Bhavani Infinit Services India Private Limited. She is also a member of the Audit Committee and Shareholders / Investors Relations Committee of the Company.

She is the Managing Trustee of SIRUTHULLI, an NGO formed to address the environmental issues of Coimbatore with focus on water management and enhancement of green cover of the city. She is the Vice President of RAAC (Residents' Awareness Association of Coimbatore) which focuses on the infrastructure and hygiene management of Coimbatore. She is a member of CTAG (City Technical Advisory Group) of the Coimbatore Corporation. She is a member of the Governing Council of the Coimbatore Chapter of the Indian Chamber of Commerce and Industry.

Mr.Vijay Mohan, 65 years of age, the Chairman of the Company, holds Bachelor degree in Mechanical Engineering from PSG College of Technology and Masters in Management Science from USA. He holds 9,544,440 shares in the Company.

He is also a Director in Precot Meridian Limited, Pricol Castings Limited, Pricol Holdings Limited, Pricol Packaging Limited, Pricol Properties Limited, Pricol Technologies Limited, Xenos Automotive Limited, Pricol Medical Systems Limited, Pricol Components Limited and Johnson Controls Pricol Private Limited. He is a President Commissioner in PT Pricol Surya, Indonesia. He is a member in Shareholders / Investors Relations Committee of Pricol Limited and Precot Meridian Limited.

Mr.C.R.Swaminathan, 65 years of age, holds B.Sc, (Agri), MBA, retired as Chief Executive of PSG Institutions after 42 years of service. He is also a director on the Board of Shanthy Gears Limited, Magna Electrocastings Limited, Chandra Textiles Private Limited, Rajalakshmi Machine Works Private Limited, Bull Machines Private Limited. He is a member of the Audit Committee and Shareholders / Investors Relations Committee of Pricol Limited and Chairman of the Audit Committee of Shanthy Gears Limited.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

He is the Chairman of Sub- Committee on Education & Employability in Confederation of Indian Industry (CII) – Southern Region. He is the Co-Chair of Higher Education in National Council of CII. He is the Past Chairman of CII - Southern Region. He is the President of Residents Awareness Association of Coimbatore, Vice President - Esslingen Coimbatore Association. He is the Past President of Coimbatore Industrial Infrastructure Association (COINDIA), IMTMA, The Southern India Engineering Manufacturers Association, Association of Jute Entrepreneurs of Southern India, Solar Energy Society of India – Coimbatore Chapter, Tamilnadu Private Professional Colleges Association – Health Sciences and The Coimbatore Club. He is the Governing Council Member of The Indian Chamber of Commerce and Industry, Coimbatore, Coimbatore District Basket Ball Association and Advisory Committee, Kovai Aid for Rehabilitation and Motivation – a Charitable Trust. He is the Joint Secretary of Indian Council for Child Welfare, Coimbatore District Council, All India Board of Technician Education, Regional Director Taxes Advisory Committee, Coimbatore District Juvenile Justice Board, Department of Social Welfare & Nutritious Meal Programme, Government of Tamilnadu and Director – Board of Apprenticeship Training (SR), Government of India, Chennai. Member – Infrastructure Committee – Indian Institute of Foundrymen. He holds 1,995 shares of the Company.

Mr.Suresh Jagannathan, 56 years of age, holds Bachelors Degree in Management Science from USA, is a leading Industrialist and Managing Director of KLRF Limited. He is also a Director in Elgi Rubber Company Limited, Precot Meridian Limited, Cape Flour Mills Private Limited, Cape Power Private Limited and Chempaka General Finance Private Limited. He is a member of the Audit Committee of Elgi Rubber Company Limited and Investors Grievance Committee of KLRF Limited. He holds 26,985 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.

b. Composition, Name of Members / Chairman, Meetings held and Members present during the year 2012-13:

| Name of the Member | Category | Date of Meeting / Members present | | | |
|----------------------------------|-----------------------------|-----------------------------------|-----------------|-------------------|-------------------|
| | | 24th May 2012 | 4th August 2012 | 3rd November 2012 | 2nd February 2013 |
| 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 Executive Officer, Chief Operating Officer, 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 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 2012-13:

| Name of the Member | Category | Date of Meeting - 27th March, 2013 Members present |
|---------------------------------|-----------------------------|---|
| Mr. C.R. Swaminathan (Chairman) | Non-Executive - Independent | ✓ |
| Mr. K. Murali Mohan | Non-Executive - Independent | ✓ |
| Mr. R. Vidhya Shankar | Non-Executive - Independent | ✓ |

REPORT ON CORPORATE GOVERNANCE (Contd.,)

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, Allowances, 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 remuneration paid / payable to the Executive Directors for the year 2012-13 : ₹ Million

| Name of the Director | Designation | Service Contract | Salary, perquisites & benefits (Gross) | Commission | Total |
|----------------------|-------------------|--------------------------------------|--|------------|-------|
| Mr.Vijay Mohan | Chairman | 7th November 2011 to 31st March 2013 | 4.215 | 1.232 | 5.447 |
| Mrs.Vanitha Mohan | Vice Chairman | 7th November 2011 to 31st March 2013 | 1.110 | 0.821 | 1.931 |
| Mr.Vikram Mohan | Managing Director | 7th November 2011 to 31st March 2013 | 3.254 | 0.821 | 4.075 |
| Mr.K.Udhaya Kumar | President | 1st June 2008 to 31st May 2013 | 3.495 | 0.412 | 3.907 |

The remuneration payable to the Non - Executive Directors for the year 2012-13 and the shares held by them are given below:

| Name of the Director | Commission (₹ Million) | No. of Shares held on 31st March, 2013 |
|--|------------------------|--|
| Mr. Suresh Jagannathan | 0.120 | 26,985 |
| Mr. C. R. Swaminathan | 0.315 | 1,995 |
| Mr. D. Sarath Chandran | 0.117 | 45,000 |
| Mr. V. Ramakrishnan | 0.150 | — |
| Mr. R. Vidhya Shankar | 0.273 | — |
| Mr. G. Soundararajan | 0.120 | — |
| Mr. K. Murali Mohan | 0.279 | — |
| Mr. Hiroyuki Wakabayashi | 0.030 | — |
| Mr. Nobuhiro Takahashi (Alternate Director to Mr.Hiroyuki Wakabayashi) | 0.120 | — |

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 16th May 2012, 30th July 2012, 5th November 2012 and 21st January 2013. Non-Executive Director chaired the meetings. Mr.T.G.Thamizhanban, Company Secretary is the Compliance Officer.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

During the year, 15 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 |
|-----------------|-------------------------------|--|---|
| 2010 - 38th AGM | 23rd July 2010 4.30 p.m | Nil | Nani Palkhivala Auditorium, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037. |
| 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. |
| 2012 - 40th AGM | 8th August 2012 4.30 p.m. | Nil | |

- No Court convened meeting of members was held during the year 2012-13.
- No proposal to conduct Postal Ballot to pass any special resolution.

7. Disclosures :

- Other Non-Current Assets (under Long Term Trade Receivables) includes dues 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 2012-13, all sales to the said Company were only for cash. The Board continues to monitor the recovery of dues.
- 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.2.50 to Notes to Financial Statements in accordance with the provision of Accounting Standard 18.
- 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.
- The Company does not have any Whistle Blower Policy. However, no person has been denied access to the Audit Committee of the Company.
- 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.
- 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.
- The Company has not complied with any other non-mandatory requirement.
- Transfer of Unclaimed Shares to Demat 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 demat account opened for this purpose. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

| Particulars | No. of shareholders | No. of shares |
|---|---------------------|---------------|
| a) Opening | 764 | 1,077,370 |
| b) Claimed during the year | 13 | 15,090 |
| c) Transferred from Unclaimed Shares Suspense account | 13 | 15,090 |
| Closing Balance as on 31st March, 2013 (a - c) | 751 | 1,062,280 |

The 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.corpfilings.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 | : | 2nd August, 2013. |
| Time | : | 4.30 p.m. |
| Venue | : | Chamber Hall, Chamber Towers 8 / 732, Avinashi Road Coimbatore – 641 018 |

b. Financial Year : 1st April, 2012 to 31st March, 2013

c. Date of Book closure : 11th June, 2013 to 12th June, 2013

d. Dividend payment date : 14th August, 2013

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

h. Listing and Custodial Fee :

Annual Listing Fees for the year 2013-14 were paid to National Stock Exchange of India Limited and Bombay Stock Exchange Limited. Custodial Fees to Depositories for the year 2013-14 were paid to National Securities Depository Limited and Central Depository Services (India) Limited.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

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 -12 | 20.00 | 17.00 | 4295.60 | 4106.20 | 19.70 | 16.80 | 6887.06 | 6585.99 |
| May -12 | 18.75 | 16.00 | 4203.30 | 3818.25 | 18.80 | 16.10 | 6741.87 | 6129.37 |
| June -12 | 20.45 | 16.00 | 4174.20 | 3793.45 | 20.50 | 16.05 | 6686.19 | 6088.62 |
| July -12 | 19.00 | 17.00 | 4240.90 | 3996.35 | 19.00 | 16.10 | 6797.05 | 6407.78 |
| August -12 | 17.90 | 14.75 | 4274.05 | 4094.75 | 18.00 | 15.00 | 6848.80 | 6560.62 |
| September -12 | 19.60 | 15.70 | 4524.40 | 4110.80 | 19.70 | 15.60 | 7243.40 | 6582.88 |
| October -12 | 21.70 | 18.55 | 4602.10 | 4416.25 | 21.95 | 18.10 | 7364.54 | 7070.76 |
| November -12 | 19.35 | 16.25 | 4677.80 | 4411.15 | 19.25 | 16.35 | 7478.35 | 7057.34 |
| December -12 | 19.35 | 17.10 | 4771.80 | 4667.00 | 19.25 | 17.20 | 7627.07 | 7460.59 |
| January -13 | 20.60 | 17.35 | 4872.70 | 4757.85 | 20.65 | 17.35 | 7792.70 | 7600.10 |
| February -13 | 19.70 | 15.70 | 4814.50 | 4464.70 | 18.90 | 15.50 | 7697.72 | 7138.74 |
| March -13 | 17.00 | 14.50 | 4682.70 | 4370.15 | 16.95 | 14.35 | 7478.62 | 6976.75 |

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 2013 :

| Shares held by | No. of holders | No. of shares | % of Total Paid-up Capital |
|--|----------------|-------------------|----------------------------|
| Promoters & Associates | 24 | 36,503,946 | 40.56 |
| Foreign Collaborator – DENSO Corporation, Japan * | 1 | 4,140,000 | 4.60 |
| Non-Resident Indians | 228 | 971,150 | 1.08 |
| Banks / Indian Financial Institutions | 1 | 125 | — |
| Venture Capital Funds | 1 | 2,700,000 | 3.00 |
| Insurance Companies | 1 | 268,966 | 0.30 |
| Bodies Corporate | 596 | 5,862,221 | 6.51 |
| Mutual Funds | 3 | 3,513,359 | 3.90 |
| Public | 26,722 | 36,040,233 | 40.05 |
| TOTAL | 27,577 | 90,000,000 | 100.00 |

* On 23rd April, 2013 Denso Corporation, Japan sold its entire shareholding.

m. Distribution of Shareholding as on 31st March 2013 :

| Shareholding (Range) | No. of holders | No. of shares | % of Total Paid-up Capital |
|----------------------|----------------|-------------------|----------------------------|
| Upto 500 | 18,894 | 3,939,332 | 4.38 |
| 501 to 1000 | 3,551 | 3,020,888 | 3.36 |
| 1001 to 2000 | 2,104 | 3,303,616 | 3.67 |
| 2001 to 3000 | 938 | 2,413,268 | 2.68 |
| 3001 to 4000 | 396 | 1,427,569 | 1.59 |
| 4001 to 5000 | 452 | 2,107,867 | 2.34 |
| 5001 to 10000 | 653 | 4,791,277 | 5.32 |
| 10001 and above | 589 | 68,996,183 | 76.66 |
| Total | 27,577 | 90,000,000 | 100.00 |

n. Dematerialisation of shares and liquidity as on 31st March 2013 :

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) | 18,889 | 68.50 | 71,944,785 | 79.94 |
| ii) Central Depository Services (India) Ltd (CDSL) | 7,455 | 27.03 | 8,158,330 | 9.06 |
| Demat form (i + ii) | 26,344 | 95.53 | 80,103,115 | 89.00 |
| iii) Physical form | 1,233 | 4.47 | 9,896,885 | 11.00 |
| Total | 27,577 | 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.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

- o. As on 31st March 2013, 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/-), were outstanding. As per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the company has received ₹ 20.250 Million (25% of value of the warrants) on allotment. As per the terms of issue the warrants are due for conversion in June, 2013. There are no outstanding GDRs / ADRs.

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 : srirams@integratedindia.in

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

Vijay Mohan
Chairman

Coimbatore
29th May 2013

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 2013.

Coimbatore
29th May 2013

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 2013, 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 the 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.

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

Coimbatore
29th May 2013

TEN YEARS PERFORMANCE AT A GLANCE

OPERATING RESULTS

₹ Million

| Year Ended 31st March | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net Sales & Services | | | | | | | | | | |
| - Domestic | 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 | 6,996.69 |
| - Export | 409.24 | 598.36 | 599.87 | 1,024.35 | 1,260.94 | 1,375.25 | 1,085.86 | 1,062.93 | 1,428.05 | 1,285.91 |
| Total Net Sales & Services | 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 | 8,282.60 |
| Gross Surplus from Operation | 785.61 | 890.31 | 778.13 | 954.17 | 763.11 | 335.34 | 909.50 | 768.73 | 737.32 | 604.37 |
| Other Income | 11.91 | 19.45 | 29.30 | 30.36 | 69.41 | 42.28 | 33.30 | 57.15 | 21.47 | 15.16 |
| Depreciation & Amortisation Expense (a) | 205.47 | 218.90 | 256.60 | 295.92 | 327.19 | 364.91 | 351.78 | 337.04 | 291.91 | 319.50 |
| Finance Costs (b) | 80.02 | 68.33 | 121.87 | 180.48 | 287.00 | 395.51 | 316.45 | 273.12 | 297.92 | 163.31 |
| Exceptional Items (Net) | — | — | — | — | — | — | — | — | 494.20 | — |
| Profit / (Loss) Before Tax (PBT) (c) | 512.03 | 622.53 | 428.96 | 508.13 | 218.33 | (382.80) | 274.57 | 215.72 | 663.16 | 136.72 |
| Tax Provision incl. Deferred Tax | 176.00 | 210.00 | 125.87 | 146.00 | 27.50 | (82.56) | 19.77 | (15.43) | 99.00 | (20.68) |
| Profit / (Loss) After Tax (PAT) (d) | 336.03 | 412.53 | 303.09 | 362.13 | 190.83 | (300.24) | 254.80 | 231.15 | 564.16 | 157.40 |
| Dividend (including tax) (e) | 60.92 | 102.62 | 102.62 | 105.30 | 63.18 | — | 41.98 | 62.76 | 83.68 | 42.12 |
| Retained Profit / (Loss) | 275.11 | 309.91 | 200.47 | 256.83 | 127.65 | (300.24) | 212.82 | 168.39 | 480.48 | 115.28 |
| As at 31st March | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |

SOURCES OF FUNDS

| | | | | | | | | | | |
|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Share Capital | 60.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 |
| Reserves & Surplus | 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 | 2,455.28 |
| Money received against Share Warrants | — | — | — | — | — | — | — | — | 20.25 | 20.25 |
| Networth (f) | 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 | 2,565.53 |
| Deferred Tax Liability / (Asset) | 103.19 | 93.19 | 87.19 | 67.19 | 37.19 | (29.81) | (56.81) | 7.00 | 51.00 | 40.00 |
| Loan Funds (g) | 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 | 1,049.24 |
| Total Capital Employed (h) | 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 | 3,654.77 |

APPLICATION OF FUNDS

| | | | | | | | | | | |
|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Gross Fixed Assets | 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 | 5,180.64 |
| Depreciation | 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 | 3,347.13 |
| Net Fixed Assets | 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 | 1,833.51 |
| Investments | 76.50 | 49.83 | 277.74 | 243.74 | 182.91 | 182.91 | 252.41 | 252.41 | 302.41 | 388.05 |
| Net Current Assets | 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 | 1,433.21 |
| Net Assets Employed | 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 | 3,654.77 |

PERFORMANCE INDICATORS

| | | | | | | | | | | |
|--|--------|--------|-------|-------|-------|---------|-------|-------|-------|-------|
| Equity shares (Nos. in Mn) (i) | 6.00 | @90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 | 90.00 |
| Earnings per share (EPS) (₹) (d/i) | 56.01 | #4.58 | 3.37 | 4.02 | 2.12 | (3.34) | 2.83 | 2.57 | 6.27 | 1.75 |
| Diluted Earnings per share (₹) | 56.01 | 4.58 | 3.37 | 4.02 | 2.12 | (3.34) | 2.83 | 2.57 | 6.18 | 1.67 |
| Dividend per share (₹) | 9.00 | 1.00 | 1.00 | 1.00 | 0.60 | — | 0.40 | 0.60 | 0.80 | 0.40 |
| Networth per share (NWPS) (₹) (f/i) | 163.16 | #13.93 | 16.49 | 19.34 | 20.76 | 17.43 | 19.79 | 21.66 | 27.22 | 28.51 |
| Return on Average Networth (RONW) (%) * | 34.68 | 36.95 | 22.14 | 22.46 | 10.57 | (17.47) | 15.21 | 12.39 | 25.65 | 6.28 |
| Return on Average Capital Employed (ROCE) (%) ** | 26.32 | 26.88 | 16.17 | 15.84 | 10.16 | 0.26 | 13.26 | 11.34 | 22.41 | 7.60 |
| Total Debt to Networth (g/f) | 1.18 | 1.24 | 1.57 | 1.71 | 1.74 | 1.97 | 1.44 | 1.22 | 0.71 | 0.41 |
| Interest Coverage Ratio (a+b+c)/b | 9.97 | 13.32 | 6.63 | 5.46 | 2.90 | 0.95 | 2.98 | 3.02 | 4.21 | 3.79 |

@ 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 = $\frac{PAT}{\{(Previous\ Year\ Networth + Current\ Year\ Networth)\}/2} \times 100$

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

REPORT OF THE INDEPENDENT AUDITORS' TO THE SHAREHOLDERS

To the Members of Pricol Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Pricol Limited ("the Company"), which comprise the Balance Sheet as at March 31st, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31st, 2013;
- (b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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;
 - c) 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;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) on the basis of the written representations received from the directors as on March 31st, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W

C. S. Sathyanarayanan
Partner
Membership No. 028328

Coimbatore
29th May 2013

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

Annexure to Auditors' Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Pricol Limited on the financial statements for the year ended March 31st, 2013]

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (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.
- (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 two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 41.65 Million and the year end balance of loans granted to such parties was ₹ 8.402 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 within the meaning of sections 58A and 58AA of the Act and the 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.

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

(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.

(c) According to the records of the Company, the dues outstanding of Sales Tax, Service Tax, Customs Duty and Excise Duty 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 / Service Tax / Customs | 1990-2013 | i) Excise Duty | 23.131 | Nil | Supreme Court |
| | | | ii) Excise Duty | 15.750 | Nil | High Court |
| | | | iii) Excise Duty | 7.199 | Nil | CESTAT |
| | | | iv) Excise Duty | 0.155 | Nil | Commissioner (Appeals) |
| | | | v) Excise Duty | 5.763 | Nil | Commissionerate |
| | | | vi) Service Tax | 159.603 | Nil | CESTAT |
| | | | vii) Service Tax | 1.738 | Nil | Commissioner (Appeals) |
| | | | viii) Service Tax | 5.819 | Nil | Commissionerate |
| | | | ix) Customs Duty | 0.014 | Nil | Commissioner (Appeals) |
| | | | 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 4 (xiii) 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 4(xiv) 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.

Coimbatore
29th May 2013

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

BALANCE SHEET AS AT 31st MARCH 2013

| | Note No. | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|---|--------------|------------------------|------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 2.1 | 90.000 | 90.000 |
| (b) Reserves and Surplus | 2.2 | 2,455.275 | 2,339.989 |
| (c) Money received against Share Warrants | 2.3 | 20.250 | 20.250 |
| (2) Non Current Liabilities | | | |
| (a) Long Term Borrowings | 2.4 | — | 595.962 |
| (b) Deferred Tax Liabilities (Net) | 2.5 | 40.000 | 51.000 |
| (c) Long Term Provisions | 2.6 | 39.243 | 32.623 |
| (3) Current Liabilities | | | |
| (a) Short Term Borrowings | 2.7 | 502.619 | 206.075 |
| (b) Trade Payables | 2.8 | 1,628.816 | 1,902.257 |
| (c) Other Current Liabilities | 2.9 | 839.492 | 1,290.899 |
| (d) Short Term Provisions | 2.10 | 75.138 | 238.644 |
| | Total | 5,690.833 | 6,767.699 |
| II. ASSETS | | | |
| (1) Non Current Assets | | | |
| (a) Fixed Assets | 2.11 | | |
| (i) Tangible Assets | | 1,738.012 | 1,822.472 |
| (ii) Intangible Assets | | 69.447 | 75.267 |
| (iii) Capital Work-in-progress | | 26.048 | 15.422 |
| (b) Non Current Investments | 2.12 | 388.050 | 302.407 |
| (c) Long Term Loans and Advances | 2.13 | 55.151 | 33.036 |
| (d) Other Non-Current Assets | 2.14 | 578.693 | 549.346 |
| (2) Current Assets | | | |
| (a) Inventories | 2.15 | 1,062.456 | 1,337.930 |
| (b) Trade Receivables | 2.16 | 1,639.644 | 1,800.875 |
| (c) Cash and Cash Equivalents | 2.17 | 22.092 | 684.669 |
| (d) Short Term Loans and Advances | 2.18 | 102.004 | 132.058 |
| (e) Other Current Assets | 2.19 | 9.236 | 14.217 |
| | Total | 5,690.833 | 6,767.699 |

Significant Accounting Policies & Notes form an integral part of the Financial Statements

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 2013

Vijay Mohan
Chairman

J. Sridhar
Chief Financial Officer

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 2013

| | Note No. | 2012-13 ₹ Million | 2011-12 ₹ Million |
|--|----------|----------------------|----------------------|
| INCOME | | | |
| Revenue from Operations (Gross) | | 9,452.386 | 10,291.373 |
| Less : Excise Duty | | 713.443 | 641.972 |
| Revenue from Operations (Net) | 2.20 | 8,738.943 | 9,649.401 |
| Other Income | 2.21 | 15.160 | 21.465 |
| Total Revenue | | 8,754.103 | 9,670.866 |
| EXPENSES | | | |
| Cost of Materials Consumed | 2.22 | 5,447.852 | 6,226.176 |
| Purchases of Stock-in-Trade | | 435.182 | 312.754 |
| Changes in inventories of Work-in-progress & Finished Goods | 2.23 | 73.640 | 23.826 |
| Employee Benefits Expense | 2.24 | 1,278.735 | 1,258.940 |
| Finance Costs | 2.25 | 163.307 | 297.921 |
| Depreciation & Amortisation Expense | 2.11 | 319.501 | 291.911 |
| Other Expenses | 2.26 | 899.169 | 1,090.381 |
| Total Expenses | | 8,617.386 | 9,501.909 |
| Profit from operations before Exceptional Items and Tax | | 136.717 | 168.957 |
| Add : Exceptional items (Net) | 2.32 | — | 494.203 |
| Profit Before Tax | | 136.717 | 663.160 |
| Less : Tax expense | | | |
| Current Tax | | 32.811 | 141.000 |
| Deferred Tax | | (11.000) | 44.000 |
| MAT Credit | | (32.066) | (86.000) |
| For earlier years | | (10.432) | — |
| Profit for the year | | 157.404 | 564.160 |
| Earnings per Equity Share (Face Value of ₹ 1/-) in Rupees | 2.33 | | |
| Basic | | 1.75 | 6.27 |
| Diluted | | 1.67 | 6.18 |

Significant Accounting Policies & Notes form an integral part of the Financial Statements

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 2013

Vijay Mohan
Chairman

J. Sridhar
Chief Financial Officer

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 2013

| | 2012-13 ₹ Million | 2011-12 ₹ Million |
|---|----------------------|----------------------|
| A. Cash flow from operating activities : | | |
| Net Profit Before Tax | 136.717 | 663.160 |
| Adjustments for : | | |
| Depreciation & Amortisation Expense | 319.501 | 291.911 |
| Bad debts written off | — | 3.398 |
| Provision for doubtful debts (Net) | 11.347 | 5.902 |
| Profit on sale of assets (Net) | (5.115) | (2.165) |
| Profit on sale of undertaking | — | (592.703) |
| Exchange Fluctuation (Gain) / Loss on Re-statement | (3.677) | 10.262 |
| Interest received | (2.763) | (6.032) |
| Finance Costs | 163.307 | 297.921 |
| Income from Current Investments | (0.027) | (0.373) |
| | 482.573 | 8.121 |
| Operating profit before working capital changes | 619.290 | 671.281 |
| Adjustments for : | | |
| Trade and other receivables | 159.609 | (192.514) |
| Inventories | 275.474 | (128.273) |
| Trade and other payables | (397.171) | 647.432 |
| | 37.912 | 326.645 |
| Cash generated from Operations | 657.202 | 997.926 |
| Direct taxes | (61.449) | (99.636) |
| Net cash from operating activities | 595.753 | 898.290 |
| B. Cash flow from investing activities : | | |
| Purchase of Fixed Assets | (267.645) | (244.432) |
| Sale of Fixed Assets | 32.913 | 10.835 |
| Sale of undertaking | — | 734.000 |
| Interest received | 2.763 | 6.032 |
| Money received against Share Warrant | — | 20.250 |
| Purchase of Investments | (127.743) | (1,013.000) |
| Sale of Investments | 42.127 | 963.373 |
| Net cash (used in) / from investing activities | (317.585) | 477.058 |
| C. Cash flow from financing activities : | | |
| Long Term Borrowings | (936.605) | 25.544 |
| Unsecured Loans & Deposits | (49.275) | (46.662) |
| Working Capital Borrowings | 301.329 | (409.110) |
| Dividend & Tax on Dividend paid | (83.244) | (62.313) |
| Finance Costs paid | (172.950) | (291.229) |
| Net Cash used in financing activities | (940.745) | (783.770) |
| D. Net increase / (decrease) in cash and cash equivalents (A+B+C) | (662.577) | 591.578 |
| Cash and cash equivalents as at 1.4.2012 and 1.4.2011 (Opening balance) | 684.669 | 93.091 |
| Less : Bank Balances not considered as Cash and cash equivalents as per Accounting Standard AS 3 | 8.123 | 131.444 |
| Cash and cash equivalents as at 31.3.2013 and 31.3.2012 (Closing balance) | 13.969 | 553.225 |

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 2013

Vijay Mohan
Chairman

J. Sridhar
Chief Financial Officer

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 2013

1. SIGNIFICANT ACCOUNTING POLICIES

I. a) Basis of preparation :

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. This accounting policies have been consistently applied by the Company with those used in the previous year.

b) Use of estimates :

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of income and expenses during the year. Difference between the actual amounts and the estimates are recognised prospectively in the year in which the events are materialised.

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 an 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 triple 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 for impairment loss recognised in previous periods.

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

- e) Leasehold Buildings are amortised over the lease period.

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 of input, are accounted as and when the same are approved by the customers.

SIGNIFICANT ACCOUNTING POLICIES (Contd..)

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.
- 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 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 an 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. 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.

XII. Earnings per Share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split and consolidation of shares, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

XIII. Provisions :

A provision is recognised when an enterprise has a present obligation as a result of past event; and it is probable that an outflow of resources would be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

XIV. Cash and Cash equivalents :

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transaction of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the company. Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

| | | |
|--|------------------|------------------|
| 2.1. SHARE CAPITAL | 31-3-2013 | 31-3-2012 |
| | ₹ Million | ₹ Million |
| Authorised | | |
| 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> |

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

| | | | | |
|--|----------------------|----------------|----------------------|----------------|
| Equity Shares | 31-3-2013 | | 31-3-2012 | |
| | No. of Shares | ₹ | No. of Shares | ₹ |
| | (Million) | Million | (Million) | Million |
| 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, if any, 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:

| | | | | |
|---|----------------------|---------------|----------------------|---------------|
| | 31-3-2013 | | 31-3-2012 | |
| | No. of Shares | % held | No. of Shares | % held |
| Equity Shares of ₹ 1/- each fully paid | | | | |
| - 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% |

| | | |
|---|-------------------------|-------------------------|
| 2.2. RESERVES & SURPLUS | 31-3-2013 | 31-3-2012 |
| | ₹ Million | ₹ Million |
| Securities Premium Account | 181.000 | 181.000 |
| General Reserve | | |
| Opening Balance | 2,013.909 | 1,563.909 |
| Add : Transfer from Surplus in the Statement of Profit & Loss | 75.000 | 450.000 |
| | 2,088.909 | <u>2,013.909</u> |
| Surplus in the Statement of Profit & Loss | | |
| Opening Balance | 145.080 | 114.600 |
| Add : Profit for the year | 157.404 | 564.160 |
| Less: Appropriations :- | | |
| : Dividend - 40% (Previous year - 40% plus special dividend of 40% from profit on sale of unit) | 36.000 | 72.000 |
| : Tax on Dividend | 6.118 | 11.680 |
| : Transfer to General Reserve | 75.000 | 450.000 |
| | 185.366 | <u>145.080</u> |
| | <u>2,455.275</u> | <u>2,339.989</u> |

2.3. MONEY RECEIVED AGAINST SHARE WARRANTS

The Company had issued 4,500,000 Share Warrants of ₹ 1/- each on preferential basis with each warrant convertible into one equity share 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 ₹ 20.250 Million (25% of value of the warrants) on allotment. As per the terms of issue the warrants are due for conversion in June 2013.

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.4. LONG TERM BORROWINGS

| | Non-Current portion | | Current Maturities | |
|--------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
| Secured Loans : | | | | |
| a. Rupee Term Loans from Banks | — | 558.400 | 508.400 | 884.137 |
| b. Rupee Term Loan from Others | — | 3.151 | 2.810 | 2.127 |
| Unsecured Loans : | | | | |
| Rupee Term Loan from Others | — | 34.411 | 35.411 | 50.259 |
| | — | 595.962 | 546.621 | 936.523 |

Corporate Loan of ₹ 400 Million from State Bank of India is secured by (a) First Charge on the Current Assets of the company on pari-passu basis and (b) First Charge on the specific Land and Building situated at Perianaickenpalayam, Coimbatore District and Udhagamandalam, Nilgiris District, Tamilnadu. The outstanding as on 31st March, 2013 is ₹ 258.400 Million (Previous year - ₹ 400 Million). The same is repayable in 21 monthly instalments of ₹ 11.800 Million each and balance in the last instalment. Interest is payable on monthly basis.

Term Loan of ₹ 500 Million from Indian Overseas Bank is secured by (a) Hypothecation of specific Plant and Machineries located at Plant I, Perianaickenpalayam, Plant III - Billichy, and Poochiyur in Coimbatore District, Plant II, IMT Manesar, Gurgaon, Haryana and Plant VI & VII, Rudrapur, Uttarkhand and (b) Exclusive charge on the Land and Building of Plant VII, Rudrapur, Uttarkhand. The outstanding as on 31st March, 2013 is ₹ 250 Million (Previous year - ₹ 350 Million). The same is repayable in 30 monthly instalments of ₹ 8.334 Million each. Interest is payable on monthly basis.

Secured Term Loans from Others of ₹ 35.326 Million from Maruti Suzuki India Limited is secured by hypothecation of specific vehicles purchased out of the loan. The outstanding as on 31st March, 2013 is ₹ 2.810 Million (Previous year - ₹ 5.277 Million). The loans are repayable in equated monthly instalments ranging from 5 to 17 months.

Unsecured Term Loans from Others of ₹ 150 Million from Bajaj Finance Limited is against Demand Promissory Note and Post dated cheques for the loan amount. The outstanding as on 31st March, 2013 is ₹ 35.411 Million (Previous year - ₹ 84.671 Million). The loan is repayable in 7 monthly equated instalments of ₹ 4.875 Million and balance in the last instalment.

Interest for the above Term Loans ranges between 12.20% to 13.00% per annum.

All the above loans have been preclosed since the date of the Balance Sheet. Hence the same have been classified under "Current Maturities of Long Term Debt".

2.5. DEFERRED TAX

| | | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|---------------------------------------|-------|------------------------|------------------------|
| Deferred Tax Liability | | | |
| Fixed Assets | | 110.656 | 122.198 |
| | A | 110.656 | 122.198 |
| Deferred Tax Asset | | | |
| Disallowance under the Income Tax Act | | 70.656 | 71.198 |
| | B | 70.656 | 71.198 |
| Net Deferred Tax Liability | A - B | 40.000 | 51.000 |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|--|------------------------|------------------------|
| 2.6. LONG TERM PROVISIONS | | |
| For Gratuity | 6.620 | — |
| For Central Excise Demands | 32.289 | 32.289 |
| For Other Taxes | 0.334 | 0.334 |
| | <u>39.243</u> | <u>32.623</u> |
| 2.7. SHORT TERM BORROWINGS | | |
| Secured Loans | | |
| Working Capital Facilities from Banks | | |
| - In Rupee | 502.619 | 55.933 |
| - In Foreign Currency | — | 150.142 |
| | <u>502.619</u> | <u>206.075</u> |
| <p>Working Capital Facilities from Andhra Bank, State Bank of India, Indian Overseas Bank, ICICI Bank, The Bank of Nova Scotia and IDBI Bank, are secured by pari-passu first charge on the current assets of the company. Working Capital Facilities from Andhra Bank, State Bank of India, and ICICI Bank are further secured by pari-passu second charge on the immovable properties situated at Plant I, Perianaickenpalayam, Coimbatore District, Udthagamandalam, Nilgirs District, Tamilnadu.</p> <p>Working Capital Facilities from Indian Overseas Bank is further secured by pari-passu second charge on the immovable properties situated at Plant I, Perianaickenpalayam, Coimbatore District.</p> <p>Working Capital Facilities from The Bank of Nova Socita and IDBI Bank are further secured by pari-passu second charge on the immovable properties situated at Plant III - Billichy Village, Coimbatore District, Tamilnadu.</p> <p>Working Capital Facilities from Banks are repayable on demand and carries interest rates varying from 10.50% to 13.25% per annum.</p> | | |
| 2.8. TRADE PAYABLES | | |
| Trade Payables * | 1,628.816 | 1,902.257 |
| | <u>1,628.816</u> | <u>1,902.257</u> |
| <p>* Trade Payables includes Dues to Micro, Small and Medium Enterprises amounting to ₹ 29.603 Mn. (Previous year - ₹ 21.359 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 which has been relied upon by the auditors.</p> | | |
| 2.9. OTHER CURRENT LIABILITIES | | |
| Current Maturities of Long Term Debt (Refer to Note No. 2.4) | 546.621 | 936.523 |
| Interest Accrued but not due on loans | 6.586 | 16.229 |
| Unclaimed Dividend | 5.493 | 5.057 |
| Unclaimed Deposits including interest | 0.023 | 0.039 |
| Statutory Dues Payable | 27.407 | 27.662 |
| Other Payables | 253.362 | 305.389 |
| | <u>839.492</u> | <u>1,290.899</u> |
| 2.10. SHORT TERM PROVISIONS | | |
| For Leave Encashment | 17.477 | 15.464 |
| For Gratuity | 15.543 | — |
| For Labour Settlement | — | 98.500 |
| For Taxation (Net) | — | 41.000 |
| For Dividend | 36.000 | 72.000 |
| For Tax on Dividend | 6.118 | 11.680 |
| | <u>75.138</u> | <u>238.644</u> |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.11. FIXED ASSETS

| | Gross Block | | | Depreciation / Amortisation | | | | Net Block | | ₹ Million |
|--------------------------------|---------------------|--------------------------|--------------------------------|-----------------------------|------------------|----------------|--------------------------|----------------------|------------------------------|-----------------------|
| | Cost as on 1-4-2012 | Additions during 2012-13 | Sales/Deletions during 2012-13 | Balance as on 31-3-2013 | Upto 31-3-2012 | For 2012-13 | Withdrawn during 2012-13 | Total upto 31-3-2013 | Written down as on 31-3-2013 | Value as on 31-3-2012 |
| Tangible Assets | | | | | | | | | | |
| Freehold Land | 99.344 | — | — | 99.344 | — | — | — | — | 99.344 | 99.344 |
| Leasehold Land | 26.879 | — | — | 26.879 | 1.240 | 0.271 | — | 1.511 | 25.368 | 25.639 |
| Buildings | 988.805 | 5.725 | — | 994.530 | 283.081 | 32.668 | — | 315.749 | 678.781 | 705.724 |
| Leasehold Buildings | — | 8.065 | — | 8.065 | — | 1.344 | — | 1.344 | 6.721 | — |
| Plant & Machinery | 3,269.137 | 164.538 | 81.830 | 3,351.845 | 2,381.814 | 219.232 | 63.249 | 2,537.797 | 814.048 | 887.323 |
| Computer Equipments | 344.451 | 29.933 | 0.147 | 374.237 | 289.801 | 15.407 | 0.078 | 305.130 | 69.107 | 54.650 |
| Furniture and Fittings | 45.859 | 7.058 | — | 52.917 | 25.690 | 2.646 | — | 28.336 | 24.581 | 20.169 |
| Office Equipments | 3.572 | 0.246 | — | 3.818 | 2.023 | 0.179 | — | 2.202 | 1.616 | 1.549 |
| Vehicles | 58.140 | 3.239 | 14.692 | 46.687 | 30.066 | 3.719 | 5.544 | 28.241 | 18.446 | 28.074 |
| Total Tangible Assets | 4,836.187 | 218.804 | 96.669 | 4,958.322 | 3,013.715 | 275.466 | 68.871 | 3,220.310 | 1,738.012 | 1,822.472 |
| Intangible Assets | | | | | | | | | | |
| Computer Software | 105.423 | 37.754 | — | 143.177 | 79.791 | 7.973 | — | 87.764 | 55.413 | 25.632 |
| Technical Knowhow | 86.758 | 0.461 | 34.127 | 53.092 | 37.123 | 36.062 | 34.127 | 39.058 | 14.034 | 49.635 |
| Total Intangible Assets | 192.181 | 38.215 | 34.127 | 196.269 | 116.914 | 44.035 | 34.127 | 126.822 | 69.447 | 75.267 |
| Total | 5,028.368 | 257.019 | 130.796 | 5,154.591 | 3,130.629 | 319.501 | 102.998 | 3,347.132 | 1,807.459 | 1,897.739 |
| Previous year | 5,119.740 | 247.381 | 338.753 | 5,028.368 | 2,979.658 | 291.911 | 140.940 | 3,130.629 | | |
| Capital Work-in-progress | | | | | | | | | 26.048 | 15.422 |
| Total Assets | | | | | | | | | 1,833.507 | 1,913.161 |

Note : Additions to Fixed Assets includes Capital Expenditure on Research & Development of ₹ 83.120 Million (Previous year 2011-12 - ₹ 97.196 Million)

2.12. NON CURRENT INVESTMENTS

31-3-2013
₹ Million

31-3-2012
₹ 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) 17,798,200 Equity Shares of ₹ 10/- each fully paid-up in Pricol Castings Limited (Previous year - 14,883,700 Equity Shares ₹ 10/- each) 191.145 162.000

b) 2,500 Equity Shares of USD 1,000/- each fully paid-up in PT Pricol Surya, Indonesia (Previous year - 1,500 Equity Shares of USD 1,000/- each) 123.877 67.907

c) 500 Equity Shares of USD ₹ 1/- each fully paid-up in Pricol Asia Pte Limited, Singapore 0.028 —

d) 50,000 Equity Shares of ₹ 10/- each fully paid-up in Pricol Components Limited 0.500 —

3. Shares in Joint Venture - Trade - Unquoted :

5,000,000 Equity Shares of ₹ 10/- each fully paid-up in Johnson Controls Pricol Private Limited (Extent of Holding - 50%) (Formerly Pricol Pune Private Limited) 50.000 50.000

Aggregate Cost of Un-Quoted Investments 388.050 302.407

NOTES TO FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2013 | 31-3-2012 |
|---|------------------|------------------|
| | ₹ Million | ₹ Million |
| 2.13. LONG TERM LOANS AND ADVANCES | | |
| Unsecured considered good | | |
| Capital Advances | 15.407 | 9.744 |
| Deposits | 39.744 | 23.292 |
| Unsecured considered doubtful | 1.305 | 1.305 |
| Less : Provision for Doubtful Deposits | <u>1.305</u> | <u>1.305</u> |
| | <u>55.151</u> | <u>33.036</u> |
| 2.14. OTHER NON CURRENT ASSETS | | |
| Unsecured Considered Good | | |
| Long Term Trade Receivables | 362.511 | 363.789 |
| Loans to Employees | 0.566 | 0.382 |
| Balances with Government Authorities | 0.763 | 0.458 |
| Tax Payments Pending Adjustment (Net) | 3.578 | 8.456 |
| MAT Credit Entitlement | 211.275 | 176.261 |
| | <u>578.693</u> | <u>549.346</u> |
| 2.15. INVENTORIES | | |
| Stock of Stores & Spares | 17.131 | 26.797 |
| Raw Materials & Components | 712.541 | 904.709 |
| (includes Goods in Transit of ₹ 139.393 Million Previous year - ₹ 145.604 Million) | | |
| Work-in-progress | 122.403 | 141.864 |
| Finished Goods | 100.579 | 154.758 |
| Land - Stock in Trade | 109.802 | 109.802 |
| | <u>1,062.456</u> | <u>1,337.930</u> |
| 2.16. TRADE RECEIVABLES | | |
| a) Outstanding for a period exceeding six months | | |
| i) Unsecured Considered Good | 110.869 | 194.471 |
| ii) Unsecured Considered Doubtful | 58.411 | 33.094 |
| Less : Provision for Doubtful Debts | <u>58.411</u> | <u>33.094</u> |
| b) Outstanding for a period less than six months | | |
| i) Unsecured Considered Good | 1,528.775 | 1,606.404 |
| ii) Unsecured Considered Doubtful | 18.363 | 32.333 |
| Less : Provision for Doubtful Debts | <u>18.363</u> | <u>32.333</u> |
| | <u>1,639.644</u> | <u>1,800.875</u> |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|---|------------------------|------------------------|
| 2.17. CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 0.997 | 1.707 |
| Balances with Banks | | |
| In Current Account | 12.972 | 551.518 |
| In Unclaimed Dividend Account | 5.493 | 5.057 |
| In Margin Money Account / Fixed Deposits # | 2.630 | 126.387 |
| | <u>22.092</u> | <u>684.669</u> |
| # Margin Money with banks of ₹ 2.630 Mn. (Previous year - ₹ 77.312 Mn.) is towards issue of Letter of credits, Buyers Credit for Imports and Bank Guarantee. Fixed Deposits with Banks includes ₹ "Nil" (Previous year - ₹ 49.075 Mn. under lien with Banks for facilities extended to Wholly Owned Subsidiary) | | |
| Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statement is | <u>13.969</u> | <u>553.225</u> |
| 2.18. SHORT TERM LOANS AND ADVANCES | | |
| Unsecured Considered Good | | |
| Advances to related parties (Refer to Note No. 2.50) | — | 29.145 |
| Advances to Employees | 3.734 | 8.560 |
| Advances to Suppliers | 35.934 | 38.874 |
| Balances with Government Authorities | 47.871 | 45.711 |
| Prepaid Expenses | 14.465 | 9.768 |
| | <u>102.004</u> | <u>132.058</u> |
| 2.19. OTHER CURRENT ASSETS | | |
| Unsecured Considered Good | | |
| Accrued Income | 9.236 | 14.217 |
| | <u>9.236</u> | <u>14.217</u> |
| 2.20. REVENUE FROM OPERATIONS | 2012-13 | 2011-12 |
| | ₹ Million | ₹ Million |
| Sale of Products - Finished Goods | | |
| Domestic | 7,635.550 | 8,484.538 |
| Export | 1,285.912 | 1,428.047 |
| | <u>8,921.462</u> | <u>9,912.585</u> |
| Less : Excise Duty | 713.443 | 641.972 |
| | <u>8,208.019</u> | <u>9,270.613</u> |
| Service Income | 74.577 | 44.180 |
| Other Operating Revenue :- | | |
| Export Incentives | 13.045 | 16.751 |
| Sale of Traded Goods | 443.302 | 317.857 |
| | <u>8,738.943</u> | <u>9,649.401</u> |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

| | 2012-13 ₹ Million | 2011-12 ₹ Million |
|---|----------------------|--|
| Details of Sale of Products :- | | |
| 1. Dashboard Instruments & Accessories | | |
| a) Dashboard Instruments | 4,063.298 | 5,421.960 |
| b) Speedometer Cables | 93.410 | 119.430 |
| c) Sensors (all types) | 1,234.453 | 1,269.309 |
| d) Accessories & Sub-assembly Components | 482.752 | 186.602 |
| 2. Oil Pumps | 883.639 | 878.747 |
| 3. Chain Tensioners | 232.537 | 232.905 |
| 4. Idle Speed Control Valve Assembly | 173.822 | 175.540 |
| 5. Other Auto Components | 552.757 | 515.836 |
| 6. Other Products | 491.351 | 470.284 |
| | <u>8,208.019</u> | <u>9,270.613</u> |
| 2.21. OTHER INCOME | | |
| Interest Received | 2.763 | 6.032 |
| Income from Current Investments | 0.027 | 0.373 |
| Rent Received | 6.835 | 5.224 |
| Profit on Sale of Assets (Net) | 5.115 | 2.165 |
| Miscellaneous Income | 0.420 | 7.671 |
| | <u>15.160</u> | <u>21.465</u> |
| 2.22. COST OF MATERIALS CONSUMED | | |
| Value of imported and indigenous Raw Materials Consumed : | | |
| | 2012-13 | 2011-12 |
| | ₹ Million | ₹ Million |
| Imported | 1,398.854 | 1,596.474 |
| Indigenous | 4,048.998 | 4,629.702 |
| | <u>5,447.852</u> | <u>6,226.176</u> |
| 2.23. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS | | |
| | 31-3-2013 | 31-3-2012 (increase)/ decrease 31-3-2013 |
| Inventories at the end of the year | | |
| Work-in-progress | 122.403 | 141.864 19.461 |
| Finished Goods | 100.579 | 154.758 54.179 |
| | <u>222.982</u> | <u>296.622</u> 73.640 |
| Inventories at the beginning of the year | | 31-3-2012 |
| 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> 23.826 |
| (Increase) / Decrease in inventories of Work-in-progress and Finished Goods | <u>73.640</u> | <u>23.826</u> |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|---|------------------------|------------------------|
| 2.24. EMPLOYEE BENEFITS EXPENSE | | |
| a) Pay, Allowances and Bonus | 1,112.227 | 1,107.479 |
| b) Contribution to Provident and other funds | 77.361 | 59.152 |
| c) Welfare Expenses | <u>89.147</u> | <u>92.309</u> |
| | <u>1,278.735</u> | <u>1,258.940</u> |
| 2.25. FINANCE COSTS | | |
| Interest on Loans | 159.340 | 290.389 |
| Other Borrowing Costs | <u>3.967</u> | <u>7.532</u> |
| | <u>163.307</u> | <u>297.921</u> |
| 2.26. OTHER EXPENSES | | |
| Power & Utilities (Refer to Note No. 2.34) | 197.833 | 192.323 |
| Stores & Spares Consumed | 11.725 | 29.494 |
| Repairs and Maintenance : | | |
| - Machinery | 88.604 | 90.372 |
| - Building | 15.983 | 12.918 |
| - Others | 9.002 | 11.884 |
| Printing & Stationery | 9.063 | 13.811 |
| Postage & Telephone | 11.396 | 12.425 |
| Rent | 20.405 | 13.326 |
| Rates, Taxes & Licence | 24.323 | 18.385 |
| Insurance | 25.186 | 17.368 |
| Bank Charges | 17.041 | 14.153 |
| Travelling & Conveyance | 75.948 | 85.786 |
| Freight & Forwarding and Selling Expenses | 161.076 | 329.528 |
| Advertisement & Sales Promotion | 3.376 | 12.432 |
| Commission & Discount on Sales | 28.580 | 25.622 |
| Royalty | 28.038 | 34.624 |
| Bad Debts written off | — | 3.398 |
| Provision for doubtful debts (Net) | 11.347 | 5.902 |
| Irrecoverable Advance written off | — | 5.381 |
| Commission to Non-Whole Time Directors | 1.520 | 1.799 |
| Auditors' Remuneration (Refer to Note No. 2.37) | 4.863 | 2.789 |
| Professional Charges | 107.698 | 113.328 |
| Exchange Fluctuation (Net) | 38.017 | 34.686 |
| Miscellaneous Expenses | <u>8.145</u> | <u>8.647</u> |
| | <u>899.169</u> | <u>1,090.381</u> |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million | |
|--|--------------------------------|--|-----------------------------|
| 2.27. PROVISIONS AS ON THE CLOSING DATE : | | | |
| | Opening Balance 1-4-2012 | Additions | |
| | | Utilised / Reversals | |
| | | Closing Balance 31-3-2013 | |
| 1. Excise Duty Demands | 32.289 | — | 32.289 |
| 2. One Time Labour Settlement | 98.500 | — | 98.500 |
| 3. Others | 0.334 | — | 0.334 |
| | <u>131.123</u> | <u>—</u> | <u>98.500</u> 32.623 |
| 2.28. CONTINGENT LIABILITIES AND COMMITMENTS AS ON THE CLOSING DATE : | | | |
| CONTINGENT LIABILITIES | | | |
| Sales Tax Matters | 33.313 | | 33.313 |
| Excise Matters | 187.793 | | 168.631 |
| Corporate Guarantee to Subsidiaries | 401.885 | | 355.398 |
| Letter of Credit | 104.827 | | 240.456 |
| | <u>727.818</u> | | <u>797.798</u> |
| COMMITMENTS | | | |
| Estimated Value of contracts remaining to be executed on Capital account | 24.762 | | 23.622 |
| 2.29. EARNINGS IN FOREIGN CURRENCY (FOB) : | | | |
| Exports Sales | 1,233.704 | | 1,325.521 |
| 2.30. EXPENDITURE IN FOREIGN CURRENCY : | | | |
| <u>CIF Value of Imports :</u> | | | |
| Raw Materials & Components | 1,415.858 | | 1,639.462 |
| Spares | 5.594 | | 7.375 |
| Capital Goods | 8.984 | | 55.950 |
| | <u>1,430.436</u> | | <u>1,702.787</u> |
| <u>Other Payments :</u> | | | |
| Royalty on Sales | 28.038 | | 34.624 |
| Interest on Foreign Currency Loans | 10.764 | | 7.122 |
| Other matters | 64.449 | | 85.873 |
| Dividend * | 9.000 | | 6.750 |
| | <u>112.251</u> | | <u>134.369</u> |
| 2.31. DIVIDEND REMITTED IN FOREIGN CURRENCY * | | | |
| a) Dividend (₹ Million) | 9.000 | | 6.750 |
| 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 |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

| | 2012-13 ₹ Million | 2011-12 ₹ Million |
|---|----------------------|----------------------|
| 2.32. 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>—</u> | <u>494.203</u> |
| 2.33. EARNINGS PER SHARE | | |
| Profit After Tax | 157.404 | 564.160 |
| No. of Shares Outstanding - Basic (Nos. in Million) | 90.000 | 90.000 |
| No. of Shares Outstanding - Diluted (Nos. in Million) | 94.500 | 94.500 |
| Basic Earnings per share (in ₹) | 1.75 | 6.27 |
| Diluted Earnings per share (in ₹) | 1.67 | 6.18 |
| 2.34. Power & Utilities is net of Wind Power of ₹ 10.008 Million (Previous year - ₹ 8.137 Million) representing units supplied to the grid against which equivalent consumption was made in house. | | |
| 2.35. RESEARCH AND DEVELOPMENT EXPENDITURE | | |
| Capital | 83.120 | 97.196 |
| Recurring | 262.142 | 220.014 |
| Grant Received | (1.390) | — |
| | <u>343.872</u> | <u>317.210</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. | | |
| 2.36. Depreciation for current year includes an amount of ₹ 15.928 Million towards arrears of depreciation. | | |
| 2.37. REMUNERATION TO AUDITORS (EXCLUSIVE OF SERVICE TAX) : | | |
| For Audit | 2.000 | 1.700 |
| For Taxation Matters | 1.080 | 0.728 |
| For Certification and Others | 1.700 | 0.306 |
| Reimbursement of Expenses | 0.083 | 0.055 |
| | <u>4.863</u> | <u>2.789</u> |
| 2.38. EMPLOYEE BENEFITS EXPENSE INCLUDE : | | |
| Remuneration to Whole Time Directors' | | |
| Salary | 5.565 | 4.505 |
| HRA | 2.661 | 2.057 |
| Commission | 3.286 | 5.944 |
| Contribution to Provident Fund & Other Funds | 1.503 | 1.216 |
| Perquisites & Benefits | 2.345 | 1.832 |
| | <u>15.360</u> | <u>15.554</u> |
| 2.39. Balances in parties accounts are subject to confirmation / reconciliation. Appropriate adjustments, if any, will be made as and when the balances are reconciled. | | |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

| | 2012-13 ₹ Million | 2011-12 ₹ Million |
|--|----------------------|----------------------|
| 2.40. In view of the considerable number of items diverse in composition, size and nature, it is not practicable to furnish particulars of materials consumed. | | |
| 2.41. INTEREST IN JOINT VENTURE - JOHNSON CONTROLS PRICOL PRIVATE LIMITED (EXTENT OF HOLDING - 50%) : | | |
| The aggregate amount of assets, liabilities, income and expenses related to the company's share in the Joint Venture is given below: | | |
| Balance Sheet | | |
| Share Capital | 50.000 | 50.000 |
| Reserves & Surplus | 324.660 | 342.358 |
| Non Current Liabilities | 3.925 | 29.466 |
| Current Liabilities | 191.330 | 158.934 |
| Fixed Assets (Net) | 364.885 | 390.460 |
| Long Term Loans & Advances | 1.615 | 0.777 |
| Current Assets | 203.415 | 189.521 |
| Income statement | | |
| Income | 623.335 | 23.731 |
| Expenses | 641.095 | 23.201 |
| Profit Before Tax | (17.760) | 0.530 |
| Provision for Taxes | (0.060) | 0.172 |
| Profit After Tax | (17.700) | 0.358 |
| 2.42. The company has entered into a Joint Venture Agreement with Denso Corporation, Japan, having a ownership interest of 49% in Pricol Components Limited (Presently, Denso Pricol India Limited). The Joint Venture commenced its operation on 23rd April 2013. | | |
| 2.43. Income Tax Assessments are completed upto Assessment Year 2010-11. | | |
| 2.44. 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 | 2012-13 | 2011-12 |
| Discount Rate | 8.19% p.a. | 8.61% p.a. |
| Expected Return on Plan assets | 8.00% p.a. | 8.00% p.a. |
| Average future working life | 17 yrs | 18 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. | | |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

| | 2012-13 ₹ Million | 2011-12 ₹ Million | | | |
|---|----------------------|----------------------|----------------|----------------|----------|
| II. Changes in the Present Value of the Obligation : | | | | | |
| Present Value of obligation beginning of the period | 138.294 | 136.047 | | | |
| Interest cost | 10.186 | 11.213 | | | |
| Current service cost | 12.569 | 11.901 | | | |
| Past service cost | — | — | | | |
| Benefits paid | (27.853) | (11.629) | | | |
| Transferred to JV Company - Pricol Pune Private Limited | — | (2.134) | | | |
| Actuarial (Gain) / Loss on obligation | 11.759 | (7.104) | | | |
| Present Value of obligation end of the period | 144.955 | 138.294 | | | |
| III. Changes in the Fair Value of plan assets : | | | | | |
| Fair Value of plan assets beginning of the period | 138.301 | 119.799 | | | |
| Expected return on plan assets | 10.444 | 10.324 | | | |
| Contributions | — | 21.163 | | | |
| Benefits paid | (27.853) | (11.629) | | | |
| Actuarial Gain / (Loss) on plan assets | 1.900 | (1.356) | | | |
| Fair Value of plan assets as at the end of the period | 122.792 | 138.301 | | | |
| IV. Amounts recognised in the Balance Sheet : | | | | | |
| Present Value of the obligation | 144.955 | 138.294 | | | |
| Fair Value of plan assets | (122.792) | (138.301) | | | |
| Liability / (Asset) | 22.163 | (0.007) | | | |
| Unrecognised past service cost | — | — | | | |
| Asset / (Liability) recognised in the Balance Sheet | (22.163) | 0.007 | | | |
| V. Expenses recognised in the Statement of Profit & Loss : | | | | | |
| Current service cost | 12.569 | 11.901 | | | |
| Interest Cost | 10.186 | 11.213 | | | |
| Expected return on plan assets | (10.444) | (10.324) | | | |
| Net Actuarial (Gain) / Loss recognised in the year | 9.859 | (5.748) | | | |
| Past service cost | — | — | | | |
| Expenses recognised in the Statement of Profit & Loss | 22.170 | 7.042 | | | |
| 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. | | | | | |
| VI. Amount for the current period (₹ Mn.): | | | | | |
| Present value of obligation | 144.955 | 138.294 | 136.047 | 113.844 | 111.077 |
| Plan Assets | 122.792 | 138.301 | 119.799 | 117.209 | 111.149 |
| Surplus / (Deficit) | (22.163) | 0.007 | (16.248) | 3.365 | 0.072 |
| Experience adjustments on plan liabilities | 23.553 | 2.440 | 12.706 | 2.688 | (12.380) |
| Experience adjustments on plan assets | (1.900) | (1.356) | 0.222 | 9.875 | (9.412) |
| VII. Major Categories of plan assets | | | 2012-13 | 2011-12 | |
| (As percentage of total plan assets): | | | | | |
| Funds Managed by Insurance Companies | | | 100% | 100% | |
| VIII. Enterprise's best estimate of contribution during next year (₹ Mn.) | | | 15.543 | 1.000 | |
| b) Contribution of ₹ 49.291 Mn. (Previous year – ₹ 48.209 Mn.) made to defined contribution plans were charged to Statement of Profit and Loss. | | | | | |

NOTES TO FINANCIAL STATEMENTS (Contd.,)

- 2.45. 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, 2013 | | 31st March, 2012 | |
| | Within India | Outside India | Within India | Outside India |
| Segment Revenue | 7,453.031 | 1,285.912 | 8,221.354 | 1,428.047 |
| Segment Assets | 8,606.061 | 17.806 | 9,552.547 | 27.952 |
| Purchase of Fixed Assets | 256.976 | 0.043 | 246.875 | 0.506 |

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.

| 2.46. Operating Leases : | 2012-13 | 2011-12 |
|---|-----------|-----------|
| | ₹ Million | ₹ Million |
| The Company has entered into operating leases for Land & Building | | |
| Amortisation of premium paid for leasehold rights | 0.271 | 0.271 |
| Annual lease payments charged off to Statement of Profit and Loss | 5.612 | 0.112 |
| Future Minimum Lease Payments | | |
| – Not later than one year | 6.112 | 0.112 |
| – Later than one year and not later than five years | 26.648 | 0.448 |
| – Later than five years | 8.736 | 8.848 |

- 2.47. The Company has sold its Denso Technology Instrument Cluster Undertaking related to the Four Wheeler Personal Passenger Vehicles situated at Company's locations at Plant I, Coimbatore and Plant II, IMT Manesar, Gurgaon as a going concern basis under a Slump Sale method on 22nd April 2013 to Pricol Components Limited.

- 2.48. Previous year's figures are reclassified wherever necessary to conform to the current year's classification.

- 2.49. All figures are in Million unless otherwise stated.

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.50. List of Related Parties with whom transactions have taken place during the year 2012-13 and relationship:

Holding Company : Nil; **Subsidiary Companies** : Pricol Castings Limited, PT Pricol Surya, Indonesia, Pricol Asia Pte Limited, Singapore, Pricol Components Limited, Integral Investments Limited 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**: Johnson Controls Pricol 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, Penta Enterprises (India) Limited, Vascon Pricol Infrastructures Limited, Prinfra 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 | |
|---|----------------------|---------|--------------------------|---------|------------------------|---------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Purchase / Labour Charges | 30.052 | 23.679 | — | — | 269.153 | 174.942 |
| Sales / Job Work Charges | 66.639 | 178.543 | — | — | 315.496 | 44.159 |
| Sale of Undertaking | — | — | — | — | — | 734.000 |
| Purchase of Fixed Assets | — | 6.795 | — | — | — | — |
| Sale of Fixed Assets | — | — | — | — | 17.089 | 2.684 |
| Receiving of Services | — | — | 15.360 | 15.554 | 189.647 | 71.193 |
| Rendering of Services | 0.453 | 0.029 | — | — | 52.087 | 28.777 |
| Loan / Advance Receivable / Deposit / | | | | | | |
| Interest - Opening | 41.650 | 111.547 | — | — | 1.089 | — |
| Add : Amount advanced / Deposit during the year | 1.050 | 17.853 | — | — | — | 1.089 |
| Add : Interest receivable for the year | 3.603 | 5.911 | — | — | — | — |
| Less : Amount received / Adjustments | 30.045 | 81.687 | — | — | — | — |
| Less : Interest received for the year | 7.856 | 6.593 | — | — | — | — |
| Less : Irrecoverable Advance Written Off | — | 5.381 | — | — | — | — |
| Loan / Advance Receivable / Deposit / | | | | | | |
| Interest - Closing | 8.402 | 41.650 | — | — | 1.089 | 1.089 |
| Advance payable - Opening | — | — | — | — | — | — |
| Less : Amount repaid during the year | — | — | — | — | — | — |
| Advance payable - Closing | — | — | — | — | — | — |
| Investments - Opening | 252.407 | 252.407 | — | — | 50.000 | — |
| Add : Investments made during the year | 85.643 | — | — | — | — | 50.000 |
| Less : Divestment during the year | — | — | — | — | — | — |
| Investments - Closing | 338.050 | 252.407 | — | — | 50.000 | 50.000 |
| Guarantee | 401.885 | 355.398 | — | — | — | — |
| Receivable - Opening | 263.167 | 154.054 | — | — | 425.165 | 431.945 |
| Add : Amount receivable during the year | 65.890 | 178.571 | — | — | 401.086 | 814.182 |
| Less : Amount received during the year | 227.567 | 69.458 | — | — | 372.048 | 820.962 |
| Receivable - Closing | 101.490 | 263.167 | — | — | 454.203 | 425.165 |
| Payable - Opening | 11.311 | 4.185 | 6.355 | 2.418 | 39.145 | 26.197 |
| Add : Amount payable during the year | 35.006 | 24.067 | 15.360 | 15.554 | 461.877 | 252.471 |
| Less : Amount paid during the year | 43.881 | 16.941 | 18.429 | 11.617 | 399.065 | 239.523 |
| Payable - Closing | 2.436 | 11.311 | 3.286 | 6.355 | 101.957 | 39.145 |

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 2013

Vijay Mohan
Chairman

J. Sridhar
Chief Financial Officer

For and on behalf of the Board

Vanitha Mohan
Vice Chairman

Vikram Mohan
Managing Director

T.G. Thamizhanban
Company Secretary

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Pricol Limited

We have audited the accompanying Consolidated financial statements of Pricol Limited and its subsidiaries and joint venture (the Company, its subsidiaries and joint venture constitute "the Group") which comprise the consolidated balance sheet as at March 31st, 2013 and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, its subsidiaries (including subsidiaries of subsidiaries) and joint venture.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and joint venture as mentioned in the 'Other Matter' paragraph below, the 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 March 31st, 2013 ;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of five subsidiaries, whose financial statements reflect total net assets of ₹ 254.146 Mn. as at March 31st, 2013, total net revenue of ₹ 1,280.316 Mn. and net cash inflows amounting to ₹ 34.420 Mn. for the year then ended. We also did not audit the financial statements of one joint venture, whose aggregate share of net loss amounting to ₹ 17.700 Mn. is also included in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management except in the case of financials of subsidiaries Pricol Components Limited & Pricol Asia Pte Limited and the financials of a joint venture Johnson Controls Pricol Private Limited. Our opinion is based solely on the reports of the other auditors and in the case of above said subsidiaries and joint venture, which is based on unaudited management accounts. Our opinion is not qualified in respect of this matter.

Coimbatore
29 May 2013

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

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2013

| | Note No. | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|---|--------------|------------------------|------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 2.1 | 90.000 | 90.000 |
| (b) Reserves and Surplus | 2.2 | 2,711.921 | 2,579.997 |
| (c) Money received against Share Warrants | 2.3 | 20.250 | 20.250 |
| (2) Non Current Liabilities | | | |
| (a) Long Term Borrowings | 2.4 | 36.613 | 657.620 |
| (b) Deferred Tax Liabilities (Net) | 2.5 | 36.691 | 49.174 |
| (c) Long Term Provisions | 2.6 | 53.777 | 33.486 |
| (3) Current Liabilities | | | |
| (a) Short Term Borrowings | 2.7 | 619.486 | 308.951 |
| (b) Trade Payables | 2.8 | 1,916.957 | 2,121.683 |
| (c) Other Current Liabilities | 2.9 | 1,071.207 | 1,464.277 |
| (d) Short Term Provisions | 2.10 | 91.180 | 247.692 |
| | Total | 6,648.082 | 7,573.130 |
| II. ASSETS | | | |
| (1) Non Current Assets | | | |
| (a) Fixed Assets | 2.11 | | |
| (i) Tangible Assets | | 2,290.312 | 2,359.885 |
| (ii) Intangible Assets | | 189.863 | 225.791 |
| (iii) Capital Work-in-progress | | 26.638 | 20.853 |
| (b) Non Current Investments | 2.12 | 7.200 | 7.200 |
| (c) Long Term Loans and Advances | 2.13 | 62.189 | 36.109 |
| (d) Other Non-Current Assets | 2.14 | 611.743 | 583.189 |
| (2) Current Assets | | | |
| (a) Current Investments | 2.15 | 16.175 | 16.458 |
| (b) Inventories | 2.16 | 1,298.726 | 1,553.215 |
| (c) Trade Receivables | 2.17 | 1,806.517 | 1,808.306 |
| (d) Cash and Cash Equivalents | 2.18 | 114.348 | 767.554 |
| (e) Short Term Loans and Advances | 2.19 | 215.039 | 180.349 |
| (f) Other Current Assets | 2.20 | 9.332 | 14.221 |
| | Total | 6,648.082 | 7,573.130 |

Significant Accounting Policies & Notes form an integral part of the Financial Statements

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 2013

Vijay Mohan
Chairman

J. Sridhar
Chief Financial Officer

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 2013

| | Note No. | 2012-13 ₹ Million | 2011-12 ₹ Million |
|--|----------|----------------------|----------------------|
| INCOME | | | |
| Revenue from Operations (Gross) | | 11,382.582 | 11,508.791 |
| Less : Excise Duty | | 837.594 | 683.864 |
| Revenue from Operations (Net) | 2.21 | 10,544.988 | 10,824.927 |
| Other Income | 2.22 | 47.374 | 20.241 |
| Total Revenue | | 10,592.362 | 10,845.168 |
| EXPENSES | | | |
| Cost of Materials Consumed | 2.23 | 6,697.496 | 7,036.566 |
| Purchases of Stock-in-Trade | | 435.182 | 312.754 |
| Changes in inventories of Work-in-progress & Finished Goods | 2.24 | 49.700 | (25.514) |
| Employee Benefits Expense | 2.25 | 1,518.028 | 1,437.567 |
| Finance Costs | 2.26 | 199.622 | 330.903 |
| Depreciation & Amortisation Expense | 2.11 | 398.344 | 325.676 |
| Other Expenses | 2.27 | 1,120.784 | 1,174.334 |
| Total Expenses | | 10,419.156 | 10,592.286 |
| Profit from operations before Exceptional items and Tax | | 173.206 | 252.882 |
| Add : Exceptional items (Net) | 2.28 | — | 494.203 |
| Profit Before Tax | | 173.206 | 747.085 |
| Less : Tax expense | | | |
| Current Tax | | 51.598 | 142.014 |
| Deferred Tax | | (12.483) | 61.440 |
| MAT Credit | | (32.066) | (86.106) |
| For earlier years | | (10.458) | — |
| Profit for the year | | 176.615 | 629.737 |
| Earnings per Equity Share (Face Value of ₹ 1/-) in Rupees | 2.29 | | |
| Basic | | 1.96 | 7.00 |
| Diluted | | 1.87 | 6.89 |

Significant Accounting Policies & Notes form an integral part of the Financial Statements

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 2013

Vijay Mohan
Chairman

J. Sridhar
Chief Financial Officer

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 2013

| | 2012-13 ₹ Million | 2011-12 ₹ Million |
|--|----------------------|----------------------|
| A. Cash Flow from Operating Activities : | | |
| Net Profit Before Tax | 173.206 | 747.085 |
| Adjustments for : | | |
| Depreciation & Amortisation Expense | 398.344 | 325.676 |
| Bad debts written off | 0.417 | 3.398 |
| Provision for Doubtful debts (Net) | 12.222 | 5.902 |
| Effect of change in Foreign Currency Translation Reserve | (2.573) | (24.565) |
| Deficit on Amalgamation | — | (9.228) |
| Provision for Diminution in value of Investments | 0.280 | — |
| Profit / (Loss) on Sale of Assets (Net) | (5.845) | 0.806 |
| Profit on Sale of Undertaking | — | (592.703) |
| Exchange Fluctuation (Gain) / Loss on Re-statement | (3.677) | 10.262 |
| Interest received | (4.071) | (6.136) |
| Finance Costs | 199.622 | 330.903 |
| Income from Current Investments | (0.218) | (0.373) |
| | 594.501 | 43.942 |
| Operating profit before working capital changes | 767.707 | 791.027 |
| Adjustments for : | | |
| Trade and other receivables | (69.777) | (314.539) |
| Inventories | 254.489 | (206.867) |
| Trade and other payables | (274.400) | 695.577 |
| | (89.688) | 174.171 |
| Cash generated from operations | 678.019 | 965.198 |
| Direct taxes | (66.497) | (100.377) |
| Net Cash from Operating Activities | 611.522 | 864.821 |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (326.519) | (666.775) |
| Sale of Fixed Assets | 33.736 | 10.866 |
| Sale of Undertaking | — | 734.000 |
| Interest received | 4.071 | 6.136 |
| Money received against Share Warrant | — | 20.250 |
| Share Premium on issue of Shares | — | 342.000 |
| Purchase of Investments | (67.401) | (963.236) |
| Sale of Investments | 67.622 | 963.373 |
| Net Cash (used in) / from Investing Activities | (288.491) | 446.614 |
| C. Cash Flow from Financing Activities : | | |
| Long Term Borrowings | (947.502) | 65.065 |
| Unsecured Loans & Deposits | (52.205) | (43.732) |
| Working Capital Borrowings | 315.320 | (293.214) |
| Dividend & Tax on Dividend paid | (83.244) | (62.313) |
| Finance Costs paid | (208.606) | (324.190) |
| Net Cash used in Financing Activities | (976.237) | (658.384) |
| D. Net increase / (decrease) in cash and cash equivalents (A+B+C) | (653.206) | 653.051 |
| Cash and cash equivalents as at | | |
| 1.4.2012 and 1.4.2011 (Opening balance) | 767.554 | 114.503 |
| Less : Bank Balances not considered as Cash and cash equivalents as per Accounting Standard AS 3 | 8.123 | 131.444 |
| Cash and cash equivalents as at | | |
| 31.3.2013 and 31.3.2012 (Closing balance) | 106.225 | 636.110 |

As per our report of date attached
For Hariabhakti & Co.
Chartered Accountants
Firm Regn. No.103523W
C.S. Sathyanarayanan, Partner
Membership No. 028328
Coimbatore, 29th May 2013

Vijay Mohan
Chairman

J. Sridhar
Chief Financial Officer

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 2013

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 (AS) 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.

2.1. SHARE CAPITAL

Authorised

100,000,000 Equity Shares of ₹ 1/- each

31-3-2013

₹ Million

100.000

31-3-2012

₹ Million

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

31-3-2013

31-3-2012

No. of Shares
(Million)

₹

Million

No. of Shares
(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, if any, 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 :

| Equity Shares of ₹ 1/- each fully paid | 31-3-2013 | | 31-3-2012 | |
|--|---------------|--------|---------------|--------|
| | No. of Shares | % held | No. of Shares | % held |
| - 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% |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|---|------------------------|------------------------|
| 2.2. RESERVES & SURPLUS | | |
| Securities Premium Account | | |
| Opening Balance | 523.000 | 181.000 |
| Add : On issue of Shares | — | 342.000 |
| | 523.000 | 523.000 |
| General Reserve | | |
| Opening Balance | 2,018.192 | 1,568.192 |
| Add : Transfer from Surplus in the Statement of Profit & Loss | 75.000 | 450.000 |
| | 2,093.192 | 2,018.192 |
| Statutory Reserve | | |
| Opening Balance | 9.309 | 1.091 |
| Add : Transfer from Surplus in the Statement of Profit & Loss | — | 8.218 |
| | 9.309 | 9.309 |
| Surplus / (Deficit) in the Statement of Profit & Loss | | |
| Opening Balance | 41.430 | (19.177) |
| Add : Profit for the year | 176.615 | 629.737 |
| Less: Appropriations :- | | |
| : Dividend - 40% (Previous year - 40% plus a special dividend of 40% from profit on sale of Unit) | 36.000 | 72.000 |
| : Tax on Dividend | 6.118 | 11.680 |
| : Transfer / Adjustment | — | 27.232 |
| : Transfer to Statutory Reserve | — | 8.218 |
| : Transfer to General Reserve | 75.000 | 450.000 |
| | 100.927 | 41.430 |
| Foreign Currency Translation Reserve | (14.507) | (11.934) |
| | 2,711.921 | 2,579.997 |

2.3. MONEY RECEIVED AGAINST SHARE WARRANTS

The Company had 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 ₹ 20.250 Million (25% of value of the warrants) on allotment. As per the terms of issue the warrants are due for conversion in June 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | | 31-3-2013 | | 31-3-2012 | |
|-------------|---|----------------------------|------------------|---------------------------|------------------|
| | | ₹ Million | | ₹ Million | |
| 2.4. | LONG TERM BORROWINGS | | | | |
| | | Non-current portion | | Current Maturities | |
| | | 31-3-2013 | 31-3-2012 | 31-3-2013 | 31-3-2012 |
| | | ₹ Million | ₹ Million | ₹ Million | ₹ Million |
| | Secured Loans : | | | | |
| | a. Rupee Term Loans from Banks | 13.566 | 597.207 | 540.681 | 955.755 |
| | b. Rupee Term Loan from Others | — | 3.151 | 2.810 | 2.127 |
| | c. Foreign Currency Term Loan from Banks | 23.047 | 19.921 | 153.858 | 103.303 |
| | Unsecured Loans : | | | | |
| | Rupee Term Loan from Others | — | 37.341 | 35.411 | 50.259 |
| | | 36.613 | 657.620 | 732.760 | 1,111.444 |
| | | | | | |
| | Term loan from banks are secured by a) First Charge on current assets of the company on pari-passu basis and b) Specific / Exclusive charge on Land, Buildings and Machinery. The loans are repayable in Monthly / Quarterly instalments. Interest is payable on monthly / Quarterly basis. | | | | |
| | Unsecured Term Loans from Others is against Demand Promissory Note and Post dated cheques for the loan amount. The loan is repayable in monthly equated instalments. | | | | |
| | Secured Term Loans from Others is secured by hypothecation of specific vehicles purchased out of the loan . The loans are repayable in equated monthly instalments ranging from 5 to 17 months. | | | | |
| | Foreign Currency Loan from bank is secured by specific charge on Land, Inventory , Margin Deposit and Corporate Guarantee from Holding Company. | | | | |
| | Interest on Rupee Term loans ranges between 12.20% to 14.50% per annum and in respect of the Foreign Currency Loan interest ranges between 5% to 6% per annum. | | | | |
| 2.5. | DEFERRED TAX | 31-3-2013 | | 31-3-2012 | |
| | Deferred Tax Liability | ₹ Million | | ₹ Million | |
| | Fixed Assets | | 122.605 | | 130.627 |
| | | A | 122.605 | | 130.627 |
| | Deferred Tax Asset | | | | |
| | Disallowance under the Income Tax Act | | 72.944 | | 70.256 |
| | Unabsorbed Depreciation / Business loss | | 12.970 | | 11.197 |
| | | B | 85.914 | | 81.453 |
| | Net Deferred Tax Liability | A - B | 36.691 | | 49.174 |
| 2.6. | LONG TERM PROVISIONS | | | | |
| | For Gratuity | | 21.154 | | 0.863 |
| | For Central Excise Demands | | 32.289 | | 32.289 |
| | For Other Taxes | | 0.334 | | 0.334 |
| | | | 53.777 | | 33.486 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|--|------------------------|------------------------|
| 2.7. SHORT TERM BORROWINGS | | |
| Secured Loans | | |
| Working Capital Facilities from Banks | | |
| - In Rupee | 582.421 | 158.809 |
| - In Foreign Currency | — | 150.142 |
| Unsecured Loans | | |
| Working Capital Facilities from Banks | | |
| - In Rupee | 37.065 | — |
| | <u>619.486</u> | <u>308.951</u> |
| <p>Working Capital facilities from bank are secured by pari-passu first charge on the current assets of the company. The loans are further secured by second pari-passu charge on the immovable properties of the company / Guarantee from the holding company.</p> <p>Working Capital Facilities from Banks are repayable on demand and carry interest rates varying from 10.50% to 14.50% per annum.</p> <p>Unsecured working Capital Loan from Bank is Guaranteed by Co-Venturer.</p> | | |
| 2.8. TRADE PAYABLES | | |
| Trade Payables * | 1,916.957 | 2,121.683 |
| | <u>1,916.957</u> | <u>2,121.683</u> |
| <p>* Trade Payables includes Dues to Micro, Small and Medium Enterprises amounting to ₹ 31.776 Million (Previous year - ₹ 26.181 Million)</p> | | |
| 2.9. OTHER CURRENT LIABILITIES | | |
| Current Maturities of Long Term Debt (Refer to Note No. 2.4) | 732.760 | 1,111.444 |
| Interest Accrued but not due on loans | 7.266 | 16.250 |
| Unclaimed Dividend | 5.493 | 5.057 |
| Unclaimed Deposits including interest | 0.023 | 0.039 |
| Statutory Dues Payable | 29.399 | 22.818 |
| Other Payables | 296.266 | 308.669 |
| | <u>1,071.207</u> | <u>1,464.277</u> |
| 2.10. SHORT TERM PROVISIONS | | |
| For Leave Encashment | 17.477 | 15.464 |
| For Gratuity | 15.813 | 6.345 |
| For Labour Settlement | — | 98.500 |
| For Taxation (Net) | 15.772 | 43.703 |
| For Dividend | 36.000 | 72.000 |
| For Tax on Dividend | 6.118 | 11.680 |
| | <u>91.180</u> | <u>247.692</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.11. FIXED ASSETS

| | ₹ Million | | | | | | | | | | | |
|---------------------------------|------------------------|--------------------------------|---|---------------------------|-------------------------------|-------------------|---|--------------------------------|---------------------------|----------------------------|---|-----------|
| | Cost as on 1-4-2012 | Additions during 2012-13 | Gross Block Sales/Deletions during 2012-13 | Translation Adjustment | Balance as on 31-3-2013 | Upto 31-3-2012 | Depreciation / Amortisation For 2012-13 | Withdrawn during 2012-13 | Translation Adjustment | Total upto 31-3-2013 | Net Block Written down Value as on 31-3-2013 | 31-3-2012 |
| Tangible Assets | | | | | | | | | | | | |
| Freehold Land | 267.223 | — | — | — | 267.223 | — | — | — | — | — | 267.223 | 267.223 |
| Leasehold Land | 26.879 | — | — | — | 26.879 | 1.240 | 0.271 | — | — | 1.511 | 25.368 | 25.639 |
| Freehold Buildings | 1,217.370 | 11.433 | — | — | 1,228.803 | 335.931 | 42.210 | — | — | 378.141 | 850.662 | 881.439 |
| Leasehold Building | — | 8.065 | — | — | 8.065 | — | 1.344 | — | — | 1.344 | 6.721 | — |
| Plant & Machinery | 3,579.600 | 220.303 | 81.872 | — | 3,718.031 | 2,509.252 | 255.106 | 63.260 | — | 2,701.098 | 1,016.933 | 1,070.348 |
| Computer Equipments | 344.451 | 29.933 | 0.147 | — | 374.237 | 289.801 | 15.407 | 0.078 | — | 305.130 | 69.107 | 54.650 |
| Furniture and Fittings | 48.002 | 7.675 | — | — | 55.677 | 27.554 | 2.730 | — | — | 30.284 | 25.393 | 20.448 |
| Office Equipments | 32.599 | 1.498 | — | — | 34.097 | 22.044 | 2.792 | — | — | 24.836 | 9.261 | 10.555 |
| Vehicles | 60.910 | 3.264 | 14.754 | — | 49.420 | 31.327 | 4.013 | 5.564 | — | 29.776 | 19.644 | 29.583 |
| Total Tangible Assets | 5,577.034 | 282.171 | 96.773 | — | 5,762.432 | 3,217.149 | 323.873 | 68.902 | — | 3,472.120 | 2,290.312 | 2,359.885 |
| Intangible Assets | | | | | | | | | | | | |
| Computer Software | 108.459 | 38.102 | 0.020 | — | 146.541 | 82.085 | 8.324 | — | — | 90.409 | 56.132 | 26.374 |
| Technical Knowhow | 86.758 | 0.461 | 34.127 | — | 53.092 | 37.123 | 36.062 | 34.127 | — | 39.058 | 14.034 | 49.635 |
| Goodwill | 0.510 | — | — | — | 0.510 | — | — | — | — | — | 0.510 | 0.510 |
| Business & Commercial Rights | 150.423 | — | — | — | 150.423 | 1.151 | 30.085 | — | — | 31.236 | 119.187 | 149.272 |
| Total Intangible Assets | 346.150 | 38.563 | 34.147 | — | 350.566 | 120.359 | 74.471 | 34.127 | — | 160.703 | 189.863 | 225.791 |
| Total | 5,923.184 | 320.734 | 130.920 | — | 6,112.998 | 3,337.508 | 398.344 | 103.029 | — | 3,632.823 | 2,480.175 | 2,585.676 |
| Previous year | 5,588.793 | 671.067 | 354.966 | 18.290 | 5,923.184 | 3,156.534 | 325.676 | 154.151 | 9.449 | 3,337.508 | | |
| Capital Work-in-progress | | | | | | | | | | | 26.638 | 20.853 |
| Total Assets | | | | | | | | | | | 2,506.813 | 2,606.529 |

Note : Adjustment on account of foreign exchange translation difference on opening balance and depreciation charge for the year is reflected as "Translation Adjustment". Since there is no change in exchange rates, there is no "Translation Adjustment" during the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|--|------------------------|------------------------|
| 2.12. NON CURRENT INVESTMENTS | | |
| Non - Trade - Unquoted : | | |
| 720,000 Equity Shares of ₹ 10/- each fully paid-up in Pricol Technologies Limited | 7.200 | 7.200 |
| Aggregate Cost of Un-quoted Investments | <u>7.200</u> | <u>7.200</u> |
| 2.13. LONG TERM LOANS AND ADVANCES | | |
| Unsecured Considered Good | | |
| Capital Advances | 17.244 | 9.954 |
| Deposits | 44.945 | 26.155 |
| Unsecured considered Doubtful | 1.305 | 1.305 |
| Less : Provision for Doubtful Deposits | <u>1.305</u> | <u>1.305</u> |
| | <u>62.189</u> | <u>36.109</u> |
| 2.14. OTHER NON CURRENT ASSETS | | |
| Unsecured Considered Good | | |
| Long Term Trade Receivables | 388.077 | 389.962 |
| Loans to Employees | 0.566 | 0.382 |
| Balances with Government Authorities | 0.763 | — |
| Tax Payments Pending Adjustment | 11.062 | 16.478 |
| MAT Credit Entitlement | <u>211.275</u> | <u>176.367</u> |
| | <u>611.743</u> | <u>583.189</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.15. CURRENT INVESTMENTS

| S.No. | Particulars | No. of Shares / Units | | Amount (₹ Million) | | Market Value (₹ Million) | |
|--|--|-----------------------|---------------|--------------------|--------------|--------------------------|--------------|
| | | 31-3-2013 | 31-3-2012 | 31-3-2013 | 31-3-2012 | 31-3-2013 | 31-3-2012 |
| a) Investment in Equity Instruments | | | | | | | |
| - Non Trade- Quoted - Fully Paid | | | | | | | |
| 1. | Ashok Leyland Limited | 1,000 | 1,000 | 0.032 | 0.032 | 0.022 | 0.030 |
| 2. | Bajaj Auto Limited | 25 | 25 | 0.033 | 0.033 | 0.045 | 0.042 |
| 3. | Bannari Amman Sugars Limited | — | 100 | — | 0.130 | — | 0.055 |
| 4. | Bharat Heavy Electricals Limited | — | 225 | — | 0.105 | — | 0.058 |
| 5. | Bharti Shipyard Limited | — | 300 | — | 0.103 | — | 0.024 |
| 6. | Cholamandalam Investment & Finance Company Limited | 200 | 200 | 0.061 | 0.061 | 0.054 | 0.037 |
| 7. | GMR Infrastructure Limited | — | 1,200 | — | 0.143 | — | 0.037 |
| 8. | Hero Motocorp Limited | 20 | — | 0.034 | — | 0.031 | — |
| 9. | IDBI Bank Limited | 300 | — | 0.030 | — | 0.024 | — |
| 10. | ITC Limited | 100 | 100 | 0.017 | 0.017 | 0.031 | 0.023 |
| 11. | JSW Energy Limited | 700 | 700 | 0.087 | 0.087 | 0.038 | 0.043 |
| 12. | Larsen & Toubro Limited | 150 | 150 | 0.263 | 0.263 | 0.205 | 0.196 |
| 13. | LIC Housing Finance Limited | 200 | — | 0.045 | — | 0.045 | — |
| 14. | Mahindra & Mahindra Limited | 100 | 100 | 0.052 | 0.052 | 0.086 | 0.070 |
| 15. | Maruti Suzuki India Limited | 15 | — | 0.017 | — | 0.019 | — |
| 16. | Munjal Auto Limited | — | 250 | — | 0.001 | — | 0.013 |
| 17. | Shivam Auto Tech Limited | — | 50 | — | — | — | 0.006 |
| 18. | Regaliaa Realty Limited | 20,692 | 20,692 | 0.207 | 0.207 | 0.321 | 0.289 |
| 19. | Rural Electrification Limited | 250 | 250 | 0.065 | 0.065 | 0.052 | 0.051 |
| 20. | The South Indian Bank Limited | 500 | — | 0.012 | — | 0.012 | — |
| 21. | Tata Motors Limited | 100 | — | 0.022 | — | 0.027 | — |
| 22. | TVS Motors Limited | 700 | 142 | 0.019 | 0.001 | 0.023 | 0.006 |
| | TOTAL | 25,052 | 25,484 | 0.996 | 1.300 | 1.035 | 0.980 |
| | Provision for Diminution | | | (0.147) | — | — | — |
| | Net Investment Value in Shares (Total-A) | | | 0.849 | 1.300 | 1.035 | 0.980 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| S.No. | Particulars | No. of Shares / Units | | Amount (₹ Million) | | Market Value (₹ Million) | |
|--|--|-----------------------|------------------|--------------------|---------------|--------------------------|---------------|
| | | 31-3-2013 | 31-3-2012 | 31-3-2013 | 31-3-2012 | 31-3-2013 | 31-3-2012 |
| CURRENT INVESTMENTS (Contd.,) | | | | | | | |
| (b) Investments in Mutual Funds-Non Trade - Quoted - Fully Paid | | | | | | | |
| 1. | Birla Sunlife Floating Rate Fund | — | 5,247 | — | 0.882 | — | 0.967 |
| 2. | Franklin India Bluechip Fund | — | 13,105 | — | 0.483 | — | 0.460 |
| 3. | HDFC Balanced Fund Dividend | — | 40,605 | — | 0.819 | — | 0.741 |
| 4. | HDFC Cash Management Fund | — | 126,154 | — | 1.265 | — | 1.267 |
| 5. | HDFC Floating Rate Income Fund | — | 26,616 | — | 0.270 | — | 0.270 |
| 6. | HDFC MF Monthly Income Plan - Long Term | — | 101,764 | — | 1.350 | — | 1.301 |
| 7. | HDFC Short Term Plan Dividend | — | 96,055 | — | 1.000 | — | 0.997 |
| 8. | HDFC Top 200 Fund | — | 11,044 | — | 0.500 | — | 0.437 |
| 9. | ICICI Flexible Income Plan Regular Weekly | 1,500 | — | 0.158 | — | 0.158 | — |
| 10. | ICICI Flexible Income Plan | 13,075 | 19,604 | 1.276 | 1.968 | 1.314 | 1.970 |
| 11. | ICICI Prudential Focussed Bluechip | 150,592 | — | 2.500 | — | 2.396 | — |
| 12. | ICICI Prudential Regular | 67,897 | — | 2.500 | — | 2.520 | — |
| 13. | Bench Mark MF-Liquid | 35 | 171 | 0.035 | 0.171 | 0.037 | 0.171 |
| 14. | Reliance Dynamic Bond Fund | — | 53,887 | — | 0.717 | — | 0.720 |
| 15. | Reliance Equity Opportunities Fund | 11,462 | 12,027 | 0.286 | 0.323 | 0.257 | 0.265 |
| 16. | Reliance Gold Savings Fund | — | 44,862 | — | 0.600 | — | 0.596 |
| 17. | Reliance Money Manager Fund | — | 408 | — | 0.409 | — | 0.410 |
| 18. | Reliance Monthly Income Plan | 750,427 | — | 8.156 | — | 8.168 | — |
| 19. | Reliance Regular Savings Fund | — | 13,334 | — | 0.301 | — | 0.241 |
| 20. | Reliance Vision Fund | — | 7,362 | — | 0.500 | — | 0.264 |
| 21. | Sundaram Select Midcap | — | 30,273 | — | 0.525 | — | 0.501 |
| 22. | Sundaram Ultra ST Fund | — | 77,414 | — | 0.825 | — | 0.836 |
| 23. | Templeton India Ultra Short Bond Fund | — | 105,871 | — | 1.061 | — | 1.064 |
| 24. | Templeton India Short Term Income | — | 435 | — | 0.500 | — | 0.504 |
| 25. | ICICI Prudential Flexible Income Plan | 430 | 6,855 | 0.045 | 0.689 | 0.045 | 0.690 |
| 26. | Tata Floater Fund Plan A - Weekly Dividend | 499 | — | 0.503 | — | 0.503 | — |
| | Total | 995,917 | 793,093 | 15.459 | 15.158 | 15.398 | 14.672 |
| | Provision for Diminution | | | (0.133) | — | — | — |
| | Net Investment in Mutual Funds | | (Total-B) | 15.326 | 15.158 | 15.398 | 14.672 |
| | Total | | (A+B) | 16.175 | 16.458 | 16.433 | 15.652 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 31-3-2013 ₹ Million | 31-3-2012 ₹ Million |
|---|------------------------|------------------------|
| 2.16. INVENTORIES | | |
| Stock of Stores & Spares | 23.372 | 32.689 |
| Raw Materials & Components (includes Goods in Transit of ₹ 152.078 Mn. Previous Year - ₹ 145.604 Mn.) | 818.690 | 1,014.162 |
| Work-in-progress | 222.369 | 218.798 |
| Finished Goods | 124.493 | 177.764 |
| Land - Stock in Trade | 109.802 | 109.802 |
| | <u>1,298.726</u> | <u>1,553.215</u> |
| 2.17. TRADE RECEIVABLES | | |
| a) Outstanding for a period exceeding six months | | |
| i) Unsecured Considered Good | 26.743 | 31.060 |
| ii) Unsecured Considered Doubtful | 58.464 | 33.094 |
| Less : Provision for Doubtful Debts | <u>58.464</u> | <u>33.094</u> |
| b) Outstanding for a period less than six months | | |
| i) Unsecured Considered Good | 1,779.774 | 1,777.246 |
| ii) Unsecured Considered Doubtful | 18.413 | 32.333 |
| Less : Provision for Doubtful Debts | <u>18.413</u> | <u>32.333</u> |
| | <u>1,806.517</u> | <u>1,808.306</u> |
| 2.18. CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 1.209 | 1.822 |
| Balances with Banks | | |
| In Current Account | 104.641 | 634.033 |
| In Unclaimed Dividend Account | 5.493 | 5.057 |
| In Margin Money Account / Fixed Deposits # | <u>3.005</u> | <u>126.642</u> |
| | <u>114.348</u> | <u>767.554</u> |
| # Margin Money with banks includes ₹ 2.630 Mn. (Previous year - ₹ 77.312 Mn.) is towards issue of Letter of credits, Buyers Credit for Imports and Bank Guarantee. Fixed Deposits with Banks includes ₹ "Nil" (Previous Year - ₹ 49.075 Mn. under lien with Banks for facilities extended to Wholly Owned Subsidiary) | | |
| Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow statement is | <u>106.225</u> | <u>636.110</u> |
| 2.19. SHORT TERM LOANS AND ADVANCES | | |
| Unsecured Considered Good | | |
| Advances to Employees | 4.650 | 9.207 |
| Advances to Suppliers | 39.605 | 43.473 |
| Balances with Government Authorities | 155.254 | 113.825 |
| Prepaid Expenses | 15.530 | 13.844 |
| | <u>215.039</u> | <u>180.349</u> |
| 2.20. OTHER CURRENT ASSETS | | |
| Unsecured considered Good | | |
| Accrued Income | 9.332 | 14.221 |
| | <u>9.332</u> | <u>14.221</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 2012-13 ₹ Million | 2011-12 ₹ Million | |
|--|----------------------|----------------------|---------------------------------------|
| 2.21. REVENUE FROM OPERATIONS | | | |
| Sale of Products - Finished Goods | | | |
| Domestic | 8,963.239 | 9,297.816 | |
| Export | 1,884.097 | 1,835.872 | |
| | <u>10,847.336</u> | <u>11,133.688</u> | |
| Less : Excise Duty | 837.594 | 683.864 | |
| | <u>10,009.742</u> | <u>10,449.824</u> | |
| Service Income | 79.418 | 51.832 | |
| Other Operating Revenue :- | | | |
| Export Incentives | 13.045 | 16.751 | |
| Sale of Traded Goods | 442.783 | 306.520 | |
| | <u>10,544.988</u> | <u>10,824.927</u> | |
| 2.22. OTHER INCOME | | | |
| Interest Received | 4.071 | 6.136 | |
| Income from Current Investments | 0.218 | 0.373 | |
| Rent Received | 9.015 | 5.306 | |
| Profit / (Loss) on Sale of Assets (Net) | 5.845 | (0.806) | |
| Miscellaneous Income | 28.225 | 9.232 | |
| | <u>47.374</u> | <u>20.241</u> | |
| 2.23. COST OF MATERIALS CONSUMED | | | |
| Materials Consumed | 6,697.496 | 7,036.566 | |
| 2.24. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS | | | |
| | 31-3-2013 | 31-3-2012 | (increase) / decrease 31-3-2013 |
| Inventories at the end of the year | | | |
| Work-in-progress | 222.369 | 218.798 | (3.571) |
| Finished Goods | 124.493 | 177.764 | 53.271 |
| | <u>346.862</u> | <u>396.562</u> | <u>49.700</u> |
| Inventories at the beginning of the year | | | 31-3-2012 |
| 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> |
| (Increase) / Decrease in inventories of Work-in-progress and Finished Goods | <u>49.700</u> | <u>(25.514)</u> | |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 2012-13 ₹ Million | 2011-12 ₹ Million |
|---|----------------------|----------------------|
| 2.25. EMPLOYEE BENEFITS EXPENSE | | |
| a) Pay, Allowances and Bonus | 1,315.801 | 1,254.228 |
| b) Contribution to Provident and other funds | 83.167 | 66.318 |
| c) Welfare Expenses | <u>119.060</u> | <u>117.021</u> |
| | 1,518.028 | 1,437.567 |
| 2.26. FINANCE COSTS | | |
| Interest on Loans | 195.435 | 322.997 |
| Other Borrowing Costs | <u>4.187</u> | <u>7.906</u> |
| | 199.622 | 330.903 |
| 2.27. OTHER EXPENSES | | |
| Power & Utilities | 253.757 | 222.928 |
| Stores & Spares Consumed | 36.486 | 32.386 |
| Repairs and Maintenance : | | |
| - Machinery | 108.111 | 101.033 |
| - Building | 19.349 | 15.637 |
| - Others | 14.289 | 15.863 |
| Printing & Stationery | 14.638 | 18.186 |
| Postage & Telephone | 21.391 | 16.658 |
| Rent | 20.895 | 15.395 |
| Rates, Taxes & Licence | 34.893 | 20.471 |
| Insurance | 26.108 | 17.915 |
| Bank Charges | 18.110 | 15.542 |
| Travelling & Conveyance | 86.397 | 92.218 |
| Freight & Forwarding and Selling Expenses | 192.484 | 358.920 |
| Advertisement & Sales Promotion | 12.062 | 13.584 |
| Commission & Discount on Sales | 28.645 | 25.622 |
| Royalty | 28.038 | 34.624 |
| Bad Debts written off | 0.417 | 3.398 |
| Provision for doubtful debts (Net) | 12.222 | 5.902 |
| Commission / Sitting Fees to Non-Whole Time Directors | 1.722 | 1.944 |
| Auditors' Remuneration (Refer to Note No. 2.34) | 6.213 | 3.858 |
| Professional Charges | 144.773 | 117.299 |
| Exchange Fluctuation (Net) | 36.927 | 14.460 |
| Provision for Diminution in value of investments | 0.280 | — |
| Miscellaneous Expenses | 7.574 | 10.491 |
| Prior Period adjustment of Subsidiary (Net) | <u>(4.997)</u> | <u>—</u> |
| | 1,120.784 | 1,174.334 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

| | 2012-13 ₹ Million | 2011-12 ₹ Million | | |
|---|---|--------------------------|----------------------------|-------------------------------|
| 2.28. 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) | — | 494.203 | | |
| 2.29. EARNINGS PER SHARE | | | | |
| Profit After Tax | 176.615 | 629.737 | | |
| No. of Shares Outstanding - Basic (Nos. in Mn.) | 90.000 | 90.000 | | |
| No. of Shares Outstanding - Diluted (Nos. in Mn.) | 94.500 | 94.500 | | |
| Basic Earnings per share (in ₹) | 1.96 | 7.00 | | |
| Diluted Earnings per share (in ₹) | 1.87 | 6.89 | | |
| 2.30. 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 | India | Subsidiary | 100% |
| 2. | Integral Investments Limited | India | Subsidiary | 100% |
| 3. | PT Pricol Surya | Indonesia | Subsidiary | 100% |
| 4. | Pricol Asia Pte Limited | Singapore | Subsidiary | 100% |
| 5. | Pricol Components Limited | India | Subsidiary | 100% (Previous year - Nil) |
| 6. | Johnson Controls Pricol Private Limited | India | Joint Venture | 50% (Previous year - Nil) |
| 7. | Shanmuga Steel Industries Limited (Subsidiary of Integral Investments Limited) | India | Subsidiary | 100% |
| 2.31. INTEREST IN JOINT VENTURE - JOHNSON CONTROLS PRICOL PRIVATE LIMITED (EXTENT OF HOLDING - 50%) : | | | | |
| 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 : | | | | |
| Balance Sheet | | | | |
| Reserves and Surplus | 324.660 | | | 342.358 |
| Non Current Liabilities | 3.925 | | | 29.466 |
| Current Liabilities | 191.330 | | | 158.934 |
| Fixed Assets (Net) | 364.885 | | | 390.460 |
| Long Term Loans & Advances | 1.615 | | | 0.777 |
| Current Assets | 203.415 | | | 189.521 |
| Income statement | | | | |
| Income | 623.335 | | | 23.731 |
| Expenses | 641.095 | | | 23.201 |
| Profit / (Loss) Before Tax | (17.760) | | | 0.530 |
| Provision for Taxes | (0.060) | | | 0.172 |
| Profit / (Loss) After Tax | (17.700) | | | 0.358 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

- 2.32. 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, 2013 | | 31st March, 2012 | |
|--------------------------|------------------|---------------|------------------|---------------|
| | Within India | Outside India | Within India | Outside India |
| Segment Revenue | 8,290.094 | 2,254.894 | 8,449.558 | 2,375.369 |
| Segment Assets | 9,501.569 | 729.323 | 10,181.984 | 707.801 |
| Purchase of Fixed Assets | 282.800 | 37.934 | 645.325 | 25.742 |

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.

- 2.33. The Company has sold its Denso Technology Instrument Cluster Undertaking related to the Four Wheeler Personal Passenger Vehicles situated at Company's locations at Plant I, Coimbatore and Plant II, IMT Manesar, Gurgaon as a going concern basis under a Slump Sale method on 22nd April 2013 to Pricol Components Limited.

2.34. REMUNERATION TO AUDITORS (EXCLUSIVE OF SERVICE TAX)

| | 2012-13 ₹ Million | 2011-12 ₹ Million |
|----------------------------|----------------------|----------------------|
| For Audit Fee | 3.089 | 2.598 |
| For Taxation Matters | 1.131 | 0.783 |
| For Certification & Others | 1.910 | 0.424 |
| Reimbursement of Expenses | 0.083 | 0.053 |
| | <u>6.213</u> | <u>3.858</u> |

2.35. CONTINGENT LIABILITIES AND COMMITMENTS AS ON THE CLOSING DATE :

| | As at 31-3-2013 ₹ Million | As at 31-3-2012 ₹ Million |
|--|---------------------------------|---------------------------------|
| CONTINGENT LIABILITIES | | |
| Sales Tax Matters | 39.474 | 39.474 |
| Excise Matters | 187.793 | 168.631 |
| Letter of Credit | 104.827 | 240.456 |
| | <u>332.094</u> | <u>448.561</u> |
| COMMITMENTS | | |
| Estimated Value of contracts remaining to be executed on Capital account | 31.584 | 23.622 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.36. List of Related parties with whom transactions have taken place during the year 2012-13 and relationship :

Key Management Personnel : Mr. Vijay Mohan, Mrs. Vanitha Mohan, Mr. Vikram Mohan, Mr. K. Udhaya Kumar and Mr. Viren Mohan **Joint Venture** : Johnson Controls Pricol 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, Penta Enterprises (India) Limited, Vascon Pricol Infrastructures Limited, Prinfra 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.

| Nature of Transaction | ₹ Million | | | |
|--|--------------------------|---------|------------------------|---------|
| | Key Management Personnel | | Others / Joint Venture | |
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Purchase / Labour Charges | — | — | 269.254 | 174.942 |
| Sales / Job Work Charges | — | — | 315.496 | 44.247 |
| Sale of Undertaking | — | — | — | 734.000 |
| Purchase of Fixed Assets | — | — | — | — |
| Sale of Fixed Assets | — | — | 17.089 | 2.684 |
| Receiving of Services | 15.360 | 15.554 | 191.021 | 71.274 |
| Rendering of Services | — | — | 52.087 | 28.777 |
| Loan / Advance Receivable / Deposit / Interest - Opening | — | — | 1.089 | — |
| Add : Amount advanced / Deposit during the year | — | — | — | 1.089 |
| 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 | 1.089 |
| 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 | — | — | 425.165 | 431.945 |
| Add : Amount receivable during the year | — | — | 401.086 | 814.182 |
| Less: Amount received during the year | — | — | 372.048 | 820.962 |
| Receivable - Closing | — | — | 454.203 | 425.165 |
| Payable - Opening | 6.355 | 2.651 | 39.145 | 26.197 |
| Add : Amount payable during the year | 15.360 | 15.554 | 461.877 | 252.471 |
| Less: Amount paid during the year | 18.429 | 11.850 | 399.065 | 239.523 |
| Payable - Closing | 3.286 | 6.355 | 101.957 | 39.145 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.37. 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 2013" as given in the standalone financial statements of Pricol Limited.

2.38. Previous year's figures are reclassified wherever necessary to conform to current year's classification.

2.39. All figures are in Million unless otherwise stated.

| | | | |
|---|--|---------------------------------------|---|
| 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 2013 | Vijay Mohan Chairman | Vanitha Mohan Vice Chairman | Vikram Mohan Managing Director |
| | J. Sridhar Chief Financial Officer | | T.G. Thamizhanban Company Secretary |

Disclosure of Information relating to the Subsidiary Companies for the year 2012 - 13 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 Asia Pte Limited Singapore | Integral Investments Limited | Pricol Castings Limited | Shanmuga Steel Industries Limited # | Pricol Components Limited |
|--------------------------------|---------------------------------|---|------------------------------------|-------------------------------|---|---------------------------------|
| (a) Share Capital | 135.814 | 0.027 | 22.500 | 177.982 | 0.651 | 0.500 |
| (b) Reserves & Surplus | 5.993 | 5.360 | 0.850 | (71.677) | (0.494) | (0.010) |
| (c) Total assets | 619.001 | 6.914 | 23.377 | 267.406 | 1.240 | 0.655 |
| (d) Total liabilities | 619.001 | 6.914 | 23.377 | 267.406 | 1.240 | 0.655 |
| (e) Details of investments * | — | — | 22.827 | — | 0.045 | 0.503 |
| (f) Turnover | 1,005.840 | 6.218 | 0.796 | 268.257 | — | — |
| (g) Profit / (Loss) Before Tax | 60.310 | 5.623 | (0.194) | 0.885 | (0.059) | (0.010) |
| (h) Provision for Taxation | 16.827 | 0.460 | 0.013 | (0.135) | 0.173 | — |
| (i) Profit / (Loss) After Tax | 43.483 | 5.163 | (0.207) | 1.020 | (0.232) | (0.010) |
| (j) Proposed Dividend | — | — | — | — | — | — |
| (k) Reporting Currency ** | Indonesian Rupiah (IDR) | Singapore Dollar (SGD) | Indian Rupee (INR) | 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, 2013 : 1 INR = 178.57 IDR.

The exchange rate as at 31st March, 2013 : 1 SGD = 43.73 INR

100% Subsidiary of Integral Investments Limited.

