



pricol limited

(CIN: L33129TZ1972PLC000641)

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

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Forty-Second Annual General Meeting of the Shareholders of the Company will be held on Friday, 8th August 2014 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 consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** :

"RESOLVED that the Financial Statements of the Company for the year ended 31st March 2014 including Audited Balance Sheet as at 31st March 2014, Statement of Profit and Loss, Cash Flow Statement and Consolidated Financial Statements for the year ended on that date, together with the Directors' Report and the Auditors' Report thereon as presented to the meeting, be and are hereby, approved and adopted".

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

"RESOLVED that Final Dividend for the year 2013-14 at the rate of ₹ 0.40/- per share of ₹ 1/- each fully paid up (40%), be declared and paid out of the current profits of the Company for the financial year ended 31st March, 2014 on 94,500,000 equity shares of ₹ 1/- each absorbing ₹ 37,800,000/- to the shareholders whose name appear on the Register of Members of the Company as on 8th August, 2014 for those holding shares in physical form and as per the details furnished by the Depositories for this purpose as at the end of business hours on 31st July, 2014 in respect of the shares held in demat form, without deduction of tax."

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

"RESOLVED that Mr.D.Sarath Chandran (holding DIN: 00001885), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company."

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

"RESOLVED that Mr.Vijay Mohan (holding DIN : 00001843), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company."

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

"RESOLVED that M/s.Haribhakti & Co., Chartered Accountants, Coimbatore, (ICAI Registration No. 103523W) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this 42nd Annual General Meeting till the conclusion of 43rd Annual General Meeting on a remuneration of Rs.3,000,000/- plus reimbursement of expenses, if any, incurred in connection with the audit of accounts of the Company for the financial year ending 31st March 2015."

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.C.R.Swaminathan (holding DIN : 00002169), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an "Independent Director" of the Company to hold office upto 28th February 2018 from the conclusion of this Annual General Meeting and not liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :
- "RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.K.Murali Mohan (holding DIN: 00626361), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an "Independent Director" of the Company to hold office upto 31st March, 2018 from the conclusion of this Annual General Meeting and not liable to retire by rotation."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :
- "RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.Suresh Jagannathan (holding DIN: 00011326), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an "Independent Director" of the Company to hold office upto 31st July 2019 from the conclusion of this Annual General Meeting and not liable to retire by rotation."
9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :
- "RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. R. Vidhya Shankar (holding DIN: 00002498), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an "Independent Director" of the Company to hold office upto 31st July 2019 from the conclusion of this Annual General Meeting and not liable to retire by rotation."
10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :
- "RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.G.Soundararajan (holding DIN: 00037955), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an "Independent Director" of the Company to hold office upto 31st July 2019 from the conclusion of this Annual General Meeting and not liable to retire by rotation."
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :
- "RESOLVED that in supersession of the Ordinary Resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the 35th Annual General Meeting held on 3rd August, 2007 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors and / or any Committees thereof to borrow moneys (apart from temporary loans obtained / to be obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid up share capital and free

reserves of the Company, provided that the total amount so borrowed and outstanding at any point of time, shall not be in excess of ₹ 6,500 Million (Rupees Six thousand and Five hundred million).”

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

"RESOLVED that pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and is hereby altered as follows :

By deleting the existing Article 24 (a) and substituting with the following new Article 24 (a) in its place:

24. (a) The Board of Directors of the Company may, subject to the provisions of the Companies Act 2013 or any modification thereof, from time to time appoint one or more of their body to the office of Managing Director or Whole-Time Director for such period and on such terms as it thinks fit.

Such appointee shall not, while holding such office be subject to retirement by rotation at the Annual General Meetings, unless the constitution of the Board at a given point of time requires any or all of them to retire by rotation and seek re-election.

The Board of Directors may entrust to and confer upon such Managing Director, Joint Managing Director or Whole-Time Director all or any of the powers exercisable by them with such restrictions as they think fit, either collaterally with or to the exclusion of their own powers and subject to their superintendence, control and direction. The remuneration payable to such persons shall be subject to approval of the Company in a General Meeting and subject to the approval by the Central Government as and when required.

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

"RESOLVED that, pursuant to Clause 49 of the Listing Agreement entered with the Stock

Exchanges, Section 188 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder and the consent of the Company be and is hereby accorded to the Board of Directors (including any Committee of the Board) to enter into annual contracts / arrangements with M/s.Pricol Asia Pte Limited, Singapore, a Wholly Owned Subsidiary and consequently a related party, for transactions subject to an annual limit as set out below with effect from 1st April 2014 :

Nature of transaction	Transaction limit per annum with effect from 1 st April 2014 (₹ Million)
a. Sale and Purchase of Goods, Materials, Assets etc.	2,500
b. Rendering and Availing of Services	

RESOLVED further that the Board of Directors of the Company and / or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things, as may be necessary to give effect to the above resolution.

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

"RESOLVED that the remuneration of ₹ 0.500 Million, in addition to reimbursement of travel and out-of-pocket expenses, payable to M/s. STR & Associates, Cost Accountants (ICWAI Registration No : 000029), who were appointed as Cost Auditor of the Company to conduct an Audit of the Cost Accounts for the year 2014-15 as recommended by the Audit Committee and approved by the Board of Directors of the Company, in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, be and is hereby ratified."

Coimbatore
29th May, 2014

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 / HER BEHALF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding Fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

The Instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.

2. A statement of material facts pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business set out in the notice and the relevant details pursuant to the provisions of Clause 49 of the Listing Agreement executed with Stock Exchanges are annexed hereto.
3. 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 2014.
4. The Register of Members and Transfer Books of the Company will be closed from 1st August 2014 to 8th August 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend for 2014.
5. Members who are holding shares in physical form are requested to intimate immediately their change of address / change of bank account, if any, to Registrar & Share Transfer Agent (RTA) 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.
6. 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.

7. 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.
8. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
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 RTA.
9. Members may also note that the Notice of the 42nd Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.pricol.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor E-mail ID : investor@pricol.co.in.
10. 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.
11. Electronic copy of the Notice of the 42nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along

with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 42nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

12. VOTING THROUGH ELECTRONIC MEANS

- a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote on the AGM subjects, by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).
 - b) The e-voting period commences on 2nd August 2014 (0830 hours) and ends on 4th August 2014 (1730 hours). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 23rd June 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - c) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 23rd June 2014.
 - d) Mr. K Sriram, Partner of M/s. S Krishnamurthy & Co, Company Secretaries, has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
 - e) The Scrutiniser shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- f) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutiniser's Report shall be placed on the Company's website www.pricol.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
 - g) **Members are requested to read the instructions given below:**
 1. **For members who receive notice of Annual General Meeting through E-mail:**
 - i. Open email and open PDF file viz; "pricol e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for e-voting. Please note that the password is an initial password.
 - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - iii. Click on "Shareholder - Login"
 - iv. Put user ID and password as initial password / PIN noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - vii. Select "EVEN" of Pricol Limited.
 - viii. Now you are ready for e-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

- x. Upon confirmation, the message "Vote cast successfully" will be displayed
- xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail to skco.cs@gmail.com with a copy marked to evoting@nsdl.co.in.

2. For members who receive the notice of Annual General Meeting in Physical form :

- i. Initial password is provided as below / at the bottom of the Attendance Slip for the AGM : EVEN (E Voting Event Number) USER ID PASSWORD / PIN.
 - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
 - iii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsd.com OR contact NSDL at the following Telephone No : 022-24994600.
- h) If you are already registered with NSDL for e-voting then you can use your existing user ID and password / PIN for casting your vote.
- i) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

13. POSTAL BALLOT FORM :

In terms of Clause 35 B of the Listing Agreement, those members, who do not have access to e-voting facility, may send their assent or dissent in writing on the Postal Ballot Form attached with this AGM Notice in the enclosed self-addressed postage pre-paid envelope so as to reach the

Scrutinizer at the address mentioned therein, on or before August 4, 2014. Any Postal Ballot Form received after this date will be treated as if the reply from the member has not been received.

If any member exercises both e-voting and postal ballot, then the Scrutiniser will consider only the e-voting.

Members are requested to read the instructions given below :

- i. The postal ballot form should be completed and signed by the sole / first named member. In case of joint holding, this Form should be completed and signed (by the first named member and in his absence, by the next named joint holder. The signature of the member on this Postal Ballot Form should be as per the specimen signature registered with the Company or furnished by National Securities Depository Limited / Central Depository Services (India) Limited to the Company, in respect of shares held in the physical form or dematerialised form, respectively.
- ii. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution / Authorisation together with attached specimen signature(s) of the duly authorised signatories.
- iii. Members holding shares in dematerialised form are advised, in their own interest, to get their signatures verified by their Banker / Depository Participant (DP). Signatures should be verified by the Manager of the concerned Bank / DP by affixing a rubber stamp / seal mentioning name and address of the Bank / DP and name, stamp and signature of the Manager.
- iv. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutiniser and any other paper found in such envelope, the same would not be considered and would be destroyed by the Scrutiniser.

- v. The votes should be cast in favour of or against the Resolution by putting the tick mark (✓) in the column provided for assent or dissent. Postal Ballot Form bearing (✓) in both the column will render the form invalid. Incomplete, unsigned, incorrectly filed or bearing more than one Postal Ballot Forms will be subject to rejection by the Scrutiniser.
- vi. There will be one Postal Ballot Form for every Folio / Client ID irrespective of the number of joint holder.
- vii. The Postal Ballot shall not be exercised by a Proxy.
- viii. Postal Ballot Form - Votes will be considered invalid on the following grounds.
 - a) If the member's signature does not tally.
 - b) If the member has marked all his shares both in favour and also against the resolutions.
 - c) If the Ballot paper is unsigned.
 - d) If the Ballot paper is filed in pencil or signed in pencil.
 - e) If the Ballot paper is received torn or defaced or mutilated to an extent that it is difficult for the Scrutiniser to identify either the member or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or one or more of the above grounds.
- ix. The Scrutiniser's decision on the validity of the Postal Ballot will be final.
- 14. All documents referred to in the accompanying Notice and the Statement of material facts shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

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Statement of material facts concerning items of Special Business

(Annexed to notice pursuant to Section 102 of the Companies Act, 2013)

Item No.6

Mr.C.R.Swaminathan, 66 years of age, is a 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 Shanthi Gears Limited, Magna Electrocastings Limited, Chandra Textiles Private Limited, Rajalakshmi Machine Works Private Limited and Bull Machines Private Limited. He is a member of the Audit Committee and Stakeholder's Relationship Committee of Pricol Limited. He is also the Chairman of the Audit Committee of Shanthi Gears Limited.

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 and The Coimbatore Club. He is the Governing Council Member of The Indian Chamber of Commerce and Industry, Coimbatore. He is the Joint Secretary of Indian Council for Child Welfare, All India Board of Technician Education and Director - Board of Apprenticeship Training (SR), Government of India, Chennai. He holds 1,995 shares of the Company.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a cheque for ₹ 100,000/- proposing the candidature of Mr.C.R.Swaminathan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr.C.R.Swaminathan (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to

the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr.C.R.Swaminathan, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management.

A copy of the draft letter for the appointment of Mr.C.R.Swaminathan, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.C.R.Swaminathan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.C.R.Swaminathan as an Independent Director, not liable to retire by rotation, for the approval by the shareholders of the Company.

Except Mr.C.R.Swaminathan, being an appointee and his relatives, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested, financially or otherwise, in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.7

Mr.K.Murali Mohan, 66 years of age, B.E (Electrical) and a Fellow Member of the Institute of Chartered Accountants of India (FCA). He has been practicing as a Chartered Accountant since 1973, associated with large number of Corporates and Firms engaged in manufacturing and allied activities, service activities, as well as Charitable Institutions & other Public bodies. He is a visiting faculty at PSG College of Technology, Coimbatore. He is an Independent Director of two listed companies, The Bhavani Tea and Produce Co., Limited and The Be Be Rubber Estates Limited and Director in

SKDC Consultants Limited, Coimbatore. He is a member of Audit Committee of Pricol Limited, The Bhavani Tea and Produce Co. Limited and The Be Be Rubber Estates Limited. He does not hold any shares of the Company.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a cheque for ₹ 100,000/- proposing the candidature of Mr.K.Murali Mohan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr.K.Murali Mohan (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr.K.Murali Mohan, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management.

A copy of the draft letter for the appointment of, Mr.K.Murali Mohan, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.K.Murali Mohan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.K.Murali Mohan as an Independent Director, not liable to retire by rotation, for the approval by the shareholders of the Company.

Except Mr.K.Murali Mohan, being an appointee and his

relatives, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested, financially or otherwise, in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.8

Mr.Suresh Jagannathan, 57 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.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a cheque for ₹ 100,000/- proposing the candidature of Mr.Suresh Jagannathan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr.Suresh Jagannathan (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr.Suresh Jagannathan, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management.

A copy of the draft letter for the appointment of, Mr.Suresh Jagannathan, as an Independent Director

setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.Suresh Jagannathan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr.Suresh Jagannathan as an Independent Director, not liable to retire by rotation, for the approval by the shareholders of the Company.

Except Mr.Suresh Jagannathan, being an appointee and his relatives, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested, financially or otherwise, in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No .9

Mr.R Vidhya Shankar, 44 years of age, is a Bachelor of Commerce and Bachelor of Law from Bharathiyar University, Coimbatore. He is a Gold Medalist and holds the record for a very rare first class in Law from the said University. He is a Partner of M/s.Ramani & Shankar, one of the oldest Law Firms in South India and ranked amongst the top 10 law firms by Business World in the year 2011. He specialises in Corporate Law, including in Corporate Transactions, Corporate Restructuring, Schemes and Arrangements, Corporate litigations, Domestic and International Arbitrations, Capital Market, FEMA compliances, Cross-border Transaction and General Corporate Advisory Services. Several of the litigations where he has been the Counsel on record, are landmark decisions reported in leading Corporate Journals. He is a sought after speaker on various corporate issues and regularly addresses seminars organised by Chamber of Commerce, ICAI, ICSI etc. He has served as Independent Director on the Board of Treadsdirect Limited. He currently serves as Independent Director on the Board of L.G.Balakrishnan & Brothers Limited and also member of Investors' Grievances Committee of the said Company. He is the Chairman of Audit Committee and member of

Stakeholders Relationship Committee of Pricol Limited. He does not hold any shares of the Company.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a cheque for ₹ 1,00,000/- proposing the candidature of Mr. R Vidhya Shankar for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr.R Vidhya Shankar (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr. R Vidhya Shankar, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management.

A copy of the draft letter for the appointment of, Mr. R Vidhya Shankar, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. R Vidhya Shankar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. R Vidhya Shankar as an Independent Director, not liable to retire by rotation, for the approval by the shareholders of the Company.

Except Mr. R Vidhya Shankar, being an appointee and his relatives, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested, financially or otherwise, in the said resolution. This

Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No.10

Mr.G.Soundararajan, 56 years of age, is a Bachelor of Science from PSG College of Arts and Science, Coimbatore is a leading Industrialist. He is the Vice Chairman of C.R.I.Pumps Private Limited and a Director in Apex Bright Bars (CBE) Private Limited, C.R.I.Amalgations Private Limited, C.R.I Infrastructures India Private Limited, G4 Investments (India) Private Limited, C.R.I.Pumps S.A.(PTY) Limited, Bombas C.R.I. Espana S.L., Spain, C.R.I PUMPS (Shanghai) Co., Limited., Fabbrica Italiana Pompe Sommergibili S.R.I., and Trustee of C.R.I. Charitable Trust, Shri K.Gopal Memorial Trust, Coimbatore Masonic Charity Trust and Sri Gopal Naidu Educational Trust. He does not hold any shares of the Company.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a cheque for ₹ 100,000/- proposing the candidature of Mr. G Soundararajan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr.G.Soundararajan (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr.G Soundararajan, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management.

A copy of the draft letter for the appointment of, Mr. G Soundararajan, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. G Soundararajan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. G Soundararajan as an Independent Director, not liable to retire by rotation, for the approval by the shareholders of the Company.

Except Mr. G Soundararajan, being an appointee and his relatives, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested, financially or otherwise, in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No:11

The members, at the General Meeting of the Company held on 3rd August, 2007, had, by way of an ordinary resolution, authorised the Board of Directors, to borrow monies up to ₹ 2,000 million over and above the paid up capital and free reserves, under Section 293(1)(d) of the Companies Act, 1956.

However, as per section 180(1)(c) of the Companies Act, 2013, notified on 12th September, 2013 read with General Circular no. 04/2014 dated 25th March, 2014, issued by the Ministry of Corporate Affairs, the said ordinary Resolution(s) will cease to be valid after 12th September, 2014.

Further, Companies 1956 Act required consent of the shareholders as an ordinary resolution for borrowings, however, Companies Act 2013 Act stipulates consent of members by way of a Special Resolution. Hence, consent of the members is being sought by way of the Special Resolution as set out in the notice.

The Board recommends the resolution set out at Item No : 11 of the Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said resolution.

Item No.12

As per Section 152(6) of the Companies Act, 2013 not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation. For the purposes of this sub-section, "total number of directors" shall not include independent directors. Presently Article 24(a) of the Company states that the Managing Director or Whole Time Director is not subject to retirement by rotation at the Annual General Meeting. In order to comply with the provisions Section 152, whenever there is a shortage in the directors liable for retire by rotation, Managing Director or Vice Chairman or Whole Time Directors of the Company will be treated as Directors liable for retire by rotation. This requires alteration of Articles of Association with the approval of members by way of Special Resolution.

The Board recommends the resolution set out at Item No: 12 of the Notice for your approval.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company during business hours on any working day including the date of the Annual General Meeting.

Except Managing Director and Vice Chairman and their relatives, none of the Directors, Key Managerial Personnel or their relatives is concerned or interested, financially or otherwise, in the said resolution

Item No.13

As per revised Clause 49 of the Listing Agreement which would be applicable with effect from 1st October 2014, all material related party transactions of the Company shall require approval of the shareholders through special resolution. A transaction with a related party shall be considered material if the transactions during a financial

year, exceeds five percent (5%) of the annual turnover or twenty percent (20%) of the net worth of the company as per the last audited financial statements of the Company, whichever is higher.

The Company imports components, materials etc., through its Wholly Owned Subsidiary Company "Pricol Asia Pte Limited, Singapore". The Company's said transactions, which is at Arm's length and in ordinary course, is a material related party transactions as per the revised clause 49 of the Listing Agreement, which requires approval of the shareholders through Special Resolution.

The Board recommends the resolution set out at Item No : 13 of the Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the said resolution.

Item No.14

The Board of Directors at their meeting held on 29th May 2014, appointed M/s. STR & Associates, Cost Accountants (ICWAI Registration No : 000029), as Cost Auditor of the Company, in terms of Section 148 of the Companies Act, 2013 and fixed a sum of ₹ 0.500 million as remuneration payable to them, for the Financial Year 2014-15.

The remuneration, as recommended by the Audit Committee and approved by the Board, is therefore required to be ratified by the shareholders of the Company, as per the requirements of the Companies (Audit and Auditors) Rules 2014, read with Section 148(3) of the Act 2013.

The Board recommends the resolution set out at Item No : 14 of the Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said resolution.

Coimbatore
29th May, 2014

By order of the Board
Vijay Mohan
Chairman



pricol limited

Regd. Office : CPM Towers, 109, Race Course, Coimbatore - 641 018, India.
Phone : +91 422 4336000, Fax : +91 422 4336299, Website : www.pricol.com, e-mail : cs@pricol.co.in
CIN : L33129TZ1972PLC000641

ATTENDANCE SLIP

I hereby record my presence at the 42nd Annual General Meeting of the Company held on Friday 8th August 2014 at 4.30 p.m. at Chamber Hall, Chamber Towers, 8 / 732, Avinashi Road, Coimbatore - 641 018

Signature of Shareholder / Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. members are requested to bring their copies of the Annual Report to the AGM.

ELECTRONIC VOTING PARTICULARS

Table with 3 columns: EVEN (Electronic Voting Event Number), USER ID, PASSWORD



pricol limited

Regd. Office : CPM Towers, 109, Race Course, Coimbatore - 641 018.
Phone : +91 422 4336000, Fax : +91 422 4336299, Website : www.pricol.com, e-mail : cs@pricol.co.in
CIN : L33129TZ1972PLC000641

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

42nd Annual General Meeting - 8th August 2014

Name of the member (s): Registered address:
E-mail Id: Folio. No. / DP ID No. & Client ID No.:
I/We, being the member (s) of shares of Pricol Limited, hereby appoint:
1. Name:..... 2. Name:..... 3. Name:.....
Address:..... Address:..... Address:.....
E-mail Id:..... E-mail Id:..... E-mail Id:.....
Signature:....., or failing him/her Signature:....., or failing him/her Signature:.....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 42nd Annual General Meeting of the Company, to be held on the Friday, August 8, 2014 at 4.30 p.m. at Chamber Hall, Chamber Towers, 8 / 732, Avinashi Road, Coimbatore - 641 018, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Table with 2 columns: Resolution. Items include: 1. Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditor; 2. Declaration of Final Dividend on Equity shares; 3. Re-appointment of Mr.D.Sarath Chandran, who retires by rotation, as a Director; 4. Re-appointment of Mr.Vijay Mohan, who retires by rotation, as a Director; 5. Appointment of Statutory Auditor and fixing their remuneration; 6. Appointment of Mr.C.R.Swaminathan as an Independent Director; 7. Appointment of Mr.K.Murali Mohan as an Independent Director; 8. Appointment of Mr.Suresh Jagannathan as an Independent Director; 9. Appointment of Mr.R.Vidhya Shankar as an Independent Director; 10. Appointment of Mr.G.Soundararajan as an Independent Director; 11. Fixing Borrowing powers of the Board of Directors; 12. Alteration of Articles of Association; 13. Approval for contracts / arrangement with M/s.Pricol Asia Pte Limited, Singapore, a Wholly Owned Subsidiary; 14. Ratification of Remuneration to Cost Auditor

Signed this day of 20

Signature of Shareholder

Affix Revenue Stamp

Notes:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2) A Proxy need not be a member of the Company
3) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

BOARD OF DIRECTORS

Mr. Vijay Mohan, Chairman
Mrs. Vanitha Mohan, Vice Chairman
Mr. Vikram Mohan, Managing Director
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	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 Website : www.pricol.com
 CIN : L33129TZ1972PLC000641

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,
 Billichi 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)

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DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Your Directors have pleasure in presenting the Forty Second Annual Report and audited accounts for the financial year ended 31st March, 2014.

FINANCIAL RESULTS

The summarised financial results are :

	₹ Million	
	2013-14	2012-13
Net Sales & Services		
- Domestic	6,899.647	6,996.684
- Export	1,402.783	1,285.912
Total	<u>8,302.430</u>	<u>8,282.596</u>
Profit from Operations before Finance Cost, Depreciation and Amortisation Expense & Exceptional Items	694.353	619.525
Less : Finance Costs	65.196	163.307
: Depreciation & Amortisation Expense	306.646	319.501
Profit from Operations before Exceptional Items and Tax (includes Profit of ₹ 114.206 Million from sale of land held as Stock-in-Trade during 2013 - 14)	322.511	136.717
Add : Exceptional Items	516.334	—
Profit Before Tax	838.845	136.717
Less : Tax Expense		
Current Tax	173.882	32.811
Deferred Tax	41.000	(11.000)
MAT Credit	(62.678)	(32.066)
For earlier years	16.648	(10.432)
Profit for the Year	669.993	157.404
Add : Surplus - Opening	185.366	145.080
Amount available for appropriation	855.359	<u>302.484</u>

DIVIDEND

In August 2013 an interim dividend of 40% (₹ 0.40 per share of ₹ 1.00 face value) from profit on sale of unit was disbursed on the paid-up equity share capital. Your Directors recommend a final dividend of 40% (₹ 0.40 per share of ₹ 1.00 face value) for the year ended 31st March 2014.

The total dividend per share aggregates to 80% (₹ 0.80 per share of ₹ 1.00 face value) and the total dividend payout is ₹ 88.448 Million including dividend distribution tax.

APPROPRIATION

	₹ Million	
	2013-14	2012-13
Interim Dividend ₹ 0.40 per share of ₹ 1.00 face value from profit on sale of unit	37.800	—
Final Dividend ₹ 0.40 per share of ₹ 1.00 face value (Previous year - ₹ 0.40 per share of ₹ 1.00 face value)	37.800	36.000
Tax on Dividend	12.848	6.118
General Reserve	67.000	75.000
Surplus to be carried over	699.911	185.366
Total	<u>855.359</u>	<u>302.484</u>

AUTO INDUSTRY

During the year, the Domestic Auto Industry went through a turbulent phase. Barring the 2 Wheeler segment which saw only a modest 7.21% growth, all the other segments saw a decline. Overall growth was only a low 4.04%.

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

Category	Vehicles Sold		Growth 2013-14 %
	2013-14 In numbers	2012-13	
Passenger Car / Utility Vehicle	2,904,857	2,985,362	-2.70
Vans	192,335	239,067	-19.55
Medium & Heavy Commercial Vehicle	224,440	288,213	-22.13
Light Commercial Vehicle	485,354	585,025	-17.04
Motor cycles / Scooters			
Mopeds	16,889,419	15,753,563	7.21
Three Wheelers	833,026	841,378	-0.99
Total	<u>21,529,431</u>	<u>20,692,608</u>	<u>4.04</u>

OPERATIONS

Business totalling ₹ 561 Million relating to sales of Instrument Clusters to Toyota Kirloskar Motors Limited and Maruti Suzuki India Limited (in the previous financial year) was hived off in April 2013 to Wholly Owned Subsidiary, Pricol Components Limited by way of slump sale. Later, Pricol Components Limited was converted as a Joint Venture with Denso Corporation, Japan. The net profit out of slump sale was ₹ 516 Million.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

The domestic sales during 2013-14 increased by 7% to ₹ 6,900 Million (on a comparable basis ₹ 6,435 Million in 2012-13, excluding the above ₹ 561 Million sales) despite a negative growth in passenger vehicles, commercial vehicles and marginal growth in 2 Wheeler Segment.

Our export sales increased by 9% to ₹ 1,403 Million from ₹ 1,286 Million.

The overall sales on a comparable basis increased by 7.5% to ₹ 8,302 Million from ₹ 7,722 Million.

The company was able to achieve profit before tax of ₹ 208 Million from operations (₹ 137 Million in 2012-13), an increase of 52%. This was achieved by several cost reduction measures initiated by the company to offset the steep increase in material costs as well as reducing interest burden through repayment of all long term loans.

For the ensuing year 2014-15, the Company's balance business 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 2014-15.

SUBSIDIARY COMPANIES

PT Pricol Surya, Indonesia

The company's major customers are 2 Wheeler manufacturers. The demand for 2 Wheelers has still not recovered consequent to the change in Government policy of funding of purchase by banks. In addition, the tremendous increase in minimum wages from January 2013 as mandated by the Indonesian Government resulted in many manufacturing companies operations being adversely affected. This led to not only disruption in component supplies but also increased the costs. This resulted in reduction in production of 2 Wheelers.

In the financial year 2013-14 the company achieved a sales of only ₹ 928 Million, a decrease of 7.75% over the previous financial year sales of ₹ 1,006 Million. Due to the increase in input costs as well as steep increase in wages, the company incurred a loss of ₹ 91 Million. Efforts are being made to obtain increased prices from the customers.

The vehicle demand is expected to pick up. This coupled with the expected price increases, the company is expected to turn profitable for the ensuing financial year.

Pricol Castings Limited

The turnover increased by 44% to ₹ 387 Million as against ₹ 268 Million achieved during the previous financial year.

The unprecedented power cuts compelled the company to generate substantial portion of power requirements using very high price diesel fuel. Being a power intensive industry, this has resulted in tremendous increase in energy costs. The depreciation of Indian Rupee also has resulted in increasing the cost of the major input aluminum. The company supplies aluminum die castings mainly to the Auto Industry. The adverse impact on the Auto Industry over the last 2 years resulted in resistance of price increase when our company approached customers for price revision to offset the increased costs. Consequently, our company incurred a loss of ₹ 78 Million.

The company is initiating certain cost control measures and approaching customers for price increase. This will help to reduce the losses and aim for breakeven.

Pricol Asia Pte Limited, Singapore

This purchasing arm of our company, mainly assists in global procurement of raw materials and components. The benefits are passed on to the parent company and its associates.

Integral Investments Limited

A wholly owned subsidiary made a profit of ₹ 0.326 Million during the financial year 2013-14.

Shanmuga Steel Industries Limited

A wholly owned subsidiary of Integral Investment Limited filed for Striking Off its name from Ministry of Corporate Affairs (MCA) on 10th March 2014, under Exit Scheme. It is under process with MCA.

JOINT VENTURES

JOHNSON CONTROLS PRICOL PRIVATE LIMITED (JCPPL)

The Joint Venture supplies Instrument Clusters to personal passenger car and utility vehicles manufactured by Tata Motors, Mahindra & Mahindra, Renault Nissan, General Motors India and 2 Wheelers by Bajaj Auto in the Western Region.

The reduction in passenger vehicle sales and also 2 Wheelers specifically of Bajaj Auto adversely affected the performance of the JV. The sales decreased from ₹ 1,234 Million to ₹ 1,030 Million. The increase in input

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

costs could not be passed on to the customers. Therefore, there was a loss of ₹ 40 Million before amortisation of goodwill.

Our Joint Venture Partner, Johnson Controls Inc., has proposed to exit globally from automotive electronics business and consequently we are taking appropriate protective steps to safeguard the interests of the company.

DENSO PRICOL INDIA LIMITED

The Joint Venture supplies Instrument Clusters to personal passenger car and utility vehicles manufactured by Toyota Kirloskar Motors Limited and Maruti Suzuki India Limited.

The reduction in passenger vehicle sales adversely affected the performance of the JV. The increase in input costs could not be passed on to the customers. Therefore, there was a loss of ₹ 109 Million before amortisation of goodwill.

AMALGAMATION

The Board at its meeting held on 24th January 2014 approved the draft scheme of amalgamation of Xenos Automotive Limited (a related party) with Pricol Limited effective 1st January 2014, subject to the required approvals in the manner as required under the Companies Act and Securities and Exchange of Board of India (SEBI).

Xenos is dealing in automotive accessories in the aftermarket and has established its brand name. In the recent past all automobile manufacturers have started fitting accessories as part of original equipment or selling them in their show rooms. Pricol with its market connection with all major OEMs will be able to tap this potential market. This will help Pricol in creation of new business vertical and help in grow the business. By this amalgamation Pricol would serve as "One Stop Solution Provider".

The scheme provides for transfer of assets and liabilities pertaining to Xenos on a going concern basis. The debit balance in Profit & Loss Account appearing in the financial statement of Xenos shall be transferred and adjusted against the General Reserves of Pricol. Inter-company outstanding balances between Xenos and Pricol of ₹ 361.464 Million owed by Xenos towards the supplies made by Pricol, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of Pricol.

There will not be any impact in the ongoing Statement of Profit and Loss of Pricol.

The Company had filed the Draft Scheme with BSE Limited (Designate Stock Exchange) and National Stock Exchange of India Limited as per SEBI circulars, for their 'No-objection' to the Draft Scheme. The Stock Exchanges have given their 'No-objection' to the draft scheme.

The Company is in process of filing necessary applications, petitions etc. with Honourable High Court of Madras for getting their approval.

OUTLOOK, OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS

The downtrend in the Indian Economy is expected to stabilise and revert to a modest growth of 5.5% to 6%, the growth mainly driven by the revival of the developed economies. Due to the expected political stability and revival of increased investments, the industrial segment is set to grow. There is a time lag of atleast a year for the automotive industry to follow suit.

Consequently, for this year the Indian Automotive Industry is expected to have only a marginal improvement over last year's performance due to the continuing high interest rates and fuel prices, which is a grave concern.

Commercial vehicle segment which witnessed decline for the past 2 years is expected to recover and show a modest growth. The Tractor segment also is expected to do better.

Pricol Limited has a wide customer base in all segments of the vehicle industry. Our company is expected to achieve a higher growth than the industry average.

RISK MANAGEMENT

At Pricol, we have an established framework for identifying and managing risk, at strategic, operational and tactical level. Our risk management practices are designed to be responsive to the ever changing industry dynamics.



RISK MANAGEMENT FRAMEWORK

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

Our company having a diverse product portfolio and customers across various vehicle segments helps in spreading the risk exposure pertaining to a specific segment.

Due to the economic slow down, the Indian Auto Industry was adversely affected over the last 2 years. With the expected bouncing back of the general economy and moderation of inflation and interest rates, the Indian Auto Industry will definitely look up. The long term potential of Indian Auto Industry is expected to be bright.

De-risking Strategy:

Against the above backdrop, Pricol's de-risking strategy is developed to address both short term and long term components of the risk profile.

Risk Category	Risk Description	Mitigation
Industry Risk	<p>Concentration on Automotive Business</p> <p><i>Specific Risks are:</i></p> <ul style="list-style-type: none"> - Industry Downturn in Automotive Industry will adversely affect business. <p>High focus on specific Segment / Customer</p> <p><i>Specific Risks are:</i></p> <ul style="list-style-type: none"> - Business will be adversely affected when a particular segment or a customer experiences sluggish growth. 	<ul style="list-style-type: none"> • Tapping of wider segments in products and geographies including its aftermarket foot print in the core business. • Explore & grow businesses in the Non-Automotive domain, while remaining focused on core auto business. • Widened presence in multiple segments has helped the company to minimise its risk exposure by spreading risk across segments.
<p>Raw Material Risk</p> <p>a. Volatility in Raw Material, Commodity and Fuel Prices</p> <p>b. Dependency on Single source for critical parts</p>	<p>a. Volatility in prices of raw materials and commodities may impact our profit.</p> <p><i>Specific risks are:</i></p> <ul style="list-style-type: none"> - Lack of Price competitiveness <p>b. Single source purchasing increases the bargaining power of the supplier.</p> <p><i>Specific risks are:</i></p> <ul style="list-style-type: none"> - Business disruption - Continuous price escalation by the supplier 	<ul style="list-style-type: none"> • Raw Material and Foreign Exchange Indexation & compensation processes in place, whereby the customer compensates for the increases on a pre-agreed basis. • Vendor rationalisation & Commodity based approach in sourcing, leading to focused negotiation to manage prices of raw materials etc. • International purchasing office (IPO) setup to globally source components at competitive prices. • Sourcing options to develop alternate sources for all critical single source purchases. • VA / VE efforts by Engineering resulting in material cost reduction through better designs.
Quality & Integrity of the Product	<p>Poor quality or integrity of our products may result in reputation and brand damage, resulting in lower volumes and financial claims.</p> <p><i>Specific risks are:</i></p> <ul style="list-style-type: none"> - Poor quality of the products - Increase in Cost of Quality leads to bottom-line erosion. - Loss of customers & Lost opportunities in new programs. 	<ul style="list-style-type: none"> • Effective process control and No fault forward assembly lines. • Implementation of automated End of Line (EOL) testing. • Supplier cluster programs to improve quality of incoming parts. • Warranty procedure & performance sign off with customers.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

Risk Category	Risk Description	Mitigation
Volatility in Currency Exchange Rate	<p>Currency exchange gain or loss will impact the bottom line.</p> <p><i>Specific risks are:</i></p> <ul style="list-style-type: none"> - Increase material cost in case of weakening rupee - Lower revenue realisation in case of strengthening rupee against USD. 	<ul style="list-style-type: none"> • Hedging imports through forward contracts • Packing Credit in Foreign Currency (PCFC) to protect exports against currency fluctuation. • Restructuring of credit options for both imports & exports.
Demand Risk	<p>Inaccuracy in demand forecasting leads to poor delivery performance thereby leading to loss of customers.</p> <p><i>Specific Risks are</i></p> <ul style="list-style-type: none"> - Excess Inventory - Lower vendor ratings - Premium freight - Customer Attrition 	<ul style="list-style-type: none"> • Implementation of Electronic Data Interchange (EDI) with all strategic customers (Under progress). • Effective Implementation of demand management in SAP. • Measurement of forecast accuracy to smoothen out demand variation. • Vendor Managed Inventory
Information Security	<p>Loss of business data, proprietary & confidential information and disruption of processes due to unavailability of robust IT systems, thereby causing financial damage.</p> <p><i>Specific risks are:</i></p> <ul style="list-style-type: none"> - Failure of IT systems thereby business continuity - Susceptibility to Cyber crime 	<ul style="list-style-type: none"> • Implementation of measures to secure confidentiality and integrity of data. • Ensuring data redundancy by storage in data replication center. • Far site data recovery center, (under setup) • Robust firewall mechanisms, thereby preventing cyber crimes.
Technology Risk	<p>Technological Obsolescence due to longer development time and misalignment with the changes in technological trends in the Industry.</p> <p><i>Specific risks are:</i></p> <ul style="list-style-type: none"> - Loss of Business opportunity, and market share - Unabsorbed fixed cost; adverse impact on the bottom-line. <p>Risks arising through technology partnership</p> <ul style="list-style-type: none"> - by disclosure of technology to competition & being a competitor themselves. - Inability to provide effective technical solutions <p><i>Specific risks are:</i></p> <ul style="list-style-type: none"> - Threat of competition from technology partner & competitors. - Ineffective utilisation of Intellectual Infrastructure bandwidth. 	<ul style="list-style-type: none"> • Formulation of technology road map in line with the Industry trends. • Collaborate with leading technology partners to shorten the development cycle stay in sync with the market. • Assessment of the capability of technical partner through a formal diligence process. • Formal engagement model with exclusivity and non-compete provisions in the agreement.
People & Organisation	<p>Failure to attract and retain people with the right skills and talent to seize opportunities, achieve challenging returns and fulfill the strategy.</p> <p><i>Specific Risks are:</i></p> <ul style="list-style-type: none"> - Higher attrition rate - Shortage of motivated workforce - Delay in project execution & Growth plans 	<ul style="list-style-type: none"> • Alignment of company performance and employee performance incentives through the effective compensation & benefit structure. • Develop a talent pipeline through an annual talent review process and talent development. • Values culture reinforced through induction, mandatory training, performance management, and employee interaction programs.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

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 & 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.

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, 2014 is Nil.

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

ICRA has upgraded the credit rating to "A-" (Previous year 'BBB') for Long term fund based facilities and "A2+" (Previous year 'A3+') for short term fund based & non fund based facilities.

INCREASE IN SHARE CAPITAL

On 13th June 2013, the Company allotted 4,500,000 Equity Shares of ₹ 1/- each to M/s. PHI Capital Solutions LLP at a price of ₹ 18/- per share (including a premium of ₹ 17/- per share) on exercise of conversion option of share warrants allotted to them. Consequently, the paid-up share capital of the Company increased to ₹ 94.500 Million from ₹ 90 Million.

DIRECTORS

As per the amended Clause 49 of the Listing Agreement, atleast half of the Board of our Company should comprise Independent Directors. As per Section 149 of the Companies Act, 2013 the company to appoint Independent Directors, who are not liable for retire by rotation, for a term up to five years.

Keeping in view, the Company's Directors retirement policy at the age of 70, the appointment of Independent Director under Companies Act, 2013 for a term comprising of 5 years or upto the ensuing Board Meeting after the director completes the age of 70 years, whichever is earlier is recommended.

Consequently, the Independent Directors re-appointment as follows :

Name of Independent Director	Period of Appointment
Mr.C.R.Swaminathan	Upto 28th February 2018
Mr.K.Murali Mohan	Upto 31st March 2018
Mr.Suresh Jagannathan	Upto 31st July 2019
Mr.R.Vidhya Shankar	Upto 31st July 2019
Mr.G.Soundararajan	Upto 31st July 2019

Mr.Vijay Mohan and Mr.D.Sarath Chandran, both Non-Independent Directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment in line with the Company's Directors retirement policy.

AUDITORS

M/s.Haribhakti & Co., the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. M/s.Haribhakti & Co., are eligible for re-appointment and have confirmed that their appointment, if approved, will be in compliance with Section 141 of the Companies Act, 2013.

As per Section 139 of the Companies Act 2013, a Listed Company shall not appoint / re-appoint an Audit Firm as Statutory Auditors for more than 2 terms of 5 consecutive years. M/s.Haribhakti & Co., have already served as Company's Statutory Auditor for a period of 4 years, from 2010-11. They are eligible for re-appointment of Statutory Auditors of the Company for a further period of 6 (1 + 5) years.

In compliance with the said requirement, your Board recommends the re-appointment of M/s. Haribhakti

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

& Co., as Statutory Auditors of the Company, for the financial year 2014-15.

COST AUDITORS

M/s.STR & Associates, Cost Accountants, have been appointed as the Cost Auditors for conducting Cost Audit for the financial year 2013-14. 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, 2014 appointed M/s. STR & Associates, Cost Accountants, as the Cost Auditors for conducting the Cost Audit for the financial year 2014-15.

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

Generally the Industrial Relation climate was peaceful during the year.

Committee appointed as per terms of settlement to find an amicable settlement of dismissed and suspended Operator cases, held many meetings during the year to deliberate solutions and is in progress.

CORPORATE SOCIAL OBJECTIVES

Pricol's Corporate Social Responsibility (CSR) activities reflect its philosophy of enhancing value to the society and the environment around us. This activity is carried out through our "We Care" program.

"We Care" works with objectives of contributing to the sustainable development of the society and to create a greener and cleaner environmental around us.

The CSR activities done through this "We Care" program are identified after conducting a proper market research to identify the social and environmental needs which are need of the hour.

Pricol's CSR activities are focused on areas such as:

- Empowering rural education;
- Facilitating pure drinking water facility in rural areas;
- Providing medical assistance in remote and unreached areas and needy persons;

- Creating a greener environment by planting trees and creating tree parks;
- Supporting needy charitable homes around our business units;
- Conducting health and safety awareness programs among the public.

CONSERVATION OF ENERGY

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company's foreign exchange earnings were ₹ 1,360.086 Million (₹ 1,233.704 Million in 2012-13). The revenue expenditure in foreign currency was ₹ 1,413.632 Million (₹ 1,533.703 Million in 2012-13) and the capital expenditure was ₹ 32.557 Million (₹ 8.984 Million in 2012-13).

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

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, 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

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

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 and Companies (Particulars of Employees) Amendment Rules, 2011, the names and other particulars of employees are set out in the annexure forming part of this report.

DIRECTORS RESPONSIBILITY STATEMENT

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

- a) in the preparation of annual accounts for the financial year ended 31st March 2014, 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 2014, 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.

Practicing Company Secretary's 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 2013-14.

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 takes this opportunity 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 co-operation 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.

Coimbatore
29th May, 2014

For and on behalf of the Board
Vijay Mohan
Chairman

ANNEXURES TO DIRECTORS' REPORT

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

TECHNOLOGY ABSORPTION :

I. Research and Development (R & D)

(i) Specific areas of R & D

The Company has two R&D centres, which are approved by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India, New Delhi. Our R&D is engaged in several areas as outlined below. In addition, it is also engaged in indigenisation and horizontal deployment of technologies either acquired or mutually developed with associates.

With 36 patents and 9 design applications registered under patent grant process, and several 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 products with emerging technologies.
- Design quality and feature enhancements in existing products through technology migration.
- Apply value engineering approach for design to cost alternatives in product development to have competitive advantage in cost and quality.
- Engineering emerging technologies in display instrumentation, sensing, electro-mechanical actuation domains and integrating telematics applications in automotive requirements.
- Drive technology deployment in manufacturing processes to complement innovative design solutions for market growth.
- 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

- Helps to meet and exceed 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, to enable risk free product implementation.

(iii) Future plan of action

- Deploy value creation 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 and quality.
- Enhance new technology development through collaborations with educational institutions, research houses and government organisations for meeting global demands.
- Deploy and expand IPR base across all product design and development processes for innovation and growth.

Expenditure on R & D :	2013-14
	(₹ Million)
Capital	92.114
Recurring	217.343
	309.457
R & D expenditure as a percentage of sales	3.73 %

ANNEXURES TO DIRECTORS' REPORT (Contd.,)

II. Technology Absorption, Adaptation and Innovation

Imported Technology

Technology procured from IAV GmbH Germany for the development of Variable Flow Oil Pump and Vacuum Pump has been fully absorbed. Prototypes are under testing and evaluation.

Inhouse R&D

- (1) Fuel Level Sensors using Capacitance Sensing has been developed for Trucks and Off Road Vehicles. Prototypes have passed evaluation. Samples under preparation to be sent to customers for their evaluation.
- (2) Using knowledge on the current 2 Wheeler Application of Oil Pumps and Water Pumps, same have been developed for Passenger Car application. Prototypes are under evaluation.

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, 2014.

Name & (Age)	Designation (Nature of Duties)	Remuneration (₹ Million)		Qualification & Experience (Years)	Date of Commencement of Employment	Last Employment
		Gross	Net			
Vanitha Mohan (61)	Vice Chairman (Internal Audit and Corporate Social Responsibilities)	7.716	5.743	Commerce Graduate with PG Diploma in Business Management (28)	1st June, 1999	—
Vikram Mohan (39)	Managing Director (Customer Relationship Management, HR & IR, Business Development, Strategy, Finance and General Administration)	15.976	10.404	Bachelor of Engineering (Production Engineering) (18)	7th November, 2011	Pricol Corporate Services Limited
Subbaiah Uthappa Kokkalera (55)	Chief Executive Officer (Day-to-day business operation of the company, Sales & Marketing, Product Development Engineering, and Quality Engineering)	11.162	6.251	Bachelor of Engineering (Mechanical) & PG Diploma in Management (32)	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.
2. Mrs.Vanitha Mohan and Mr.Vikram Mohan own more than 2% of the equity shares of the Company as on 31st March 2014.
3. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites and the Company's contribution to provident fund, gratuity fund and superannuation fund.
4. Net remuneration is exclusive of contributions to provident fund, gratuity fund, superannuation fund and tax deducted.

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance :

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

2. Board of Directors:

a. Composition of the Board :

As on 31st March 2014, the Company's Board comprised of 9 Directors. The Board consists of 2 (22%) Executive Directors and 7 (78%) Non-Executive Directors, 5 (56%) 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	5	—	3	3	—	2	—
Mr.C.R.Swaminathan	Non-Executive - Independent	6	—	2	3	—	—	1
Mr.R.Vidhya Shankar	Non-Executive - Independent	7	✓	1	—	—	1	—
Mr.G.Soundararajan	Non-Executive - Independent	3	—	—	5	4	—	—
Mr.K.Murali Mohan	Non-Executive - Independent	7	—	3	—	—	2	—
Mr.D.Sarath Chandran	Non-Executive - Promoter	7	—	6	—	—	2	—
Mr.Vijay Mohan Chairman	Non-Executive - Promoter	7	✓	7	1	—	3	—
Mrs.Vanitha Mohan Vice Chairman	Executive - Promoter	5	✓	4	3	—	—	—
Mr.Vikram Mohan Managing Director	Executive - Promoter	7	✓	10	1	2	—	—

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

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

REPORT ON CORPORATE GOVERNANCE (Contd.,)

c. Board Meetings:

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

During the year 2013-14, the board met 7 times on 29th May 2013, 25th July 2013, 24th September 2013, 8th November 2013, 16th December 2013, 24th January 2014 and 4th February 2014 and the gap between two meetings did not exceed four months.

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

Mr. D. Sarath Chandran, 68 years of age, is a B Sc (Hons) (UK), MBA (USA) is a leading Industrialist. He is the Chairman of Precot Meridian Limited. He is also a Director in Super Spinning Mills Limited, Supreme Textile Processing Limited, Vantex Limited, Multiflora Processing (Coimbatore) Limited and Precot Meridian Energy Limited. He is well known in the Textile industry and was a Chairman of South Indian Textile Research Association (SITRA). He is member of the Stakeholders Relationship Committee of the Company. He is also the member of Investor Relations Committee of Precot Meridian Limited and Super Spinning Mills Limited. He holds 45,000 shares of the Company.

Mr. Vijay Mohan, 66 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 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 and Johnson Controls Pricol Private Limited. He is a member of Stakeholders Relationship Committee of Pricol Limited and Precot Meridian Limited. He is also a member of Audit Committee of Pricol Technologies Limited and Xenos Automotive Limited. He holds 9,544,440 shares of the Company.

Mr.C.R.Swaminathan, 66 years of age, is a 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 Shanthi Gears Limited, Magna Electrocastings Limited, Chandra Textiles Private Limited, Rajalakshmi Machine Works Private Limited and Bull Machines Private Limited. He is a member of the Audit Committee and Stakeholders Relationship Committee of Pricol Limited. He is also Chairman of Audit Committee of Shanthi Gears Limited.

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 and The Coimbatore Club. He is the Governing Council Member of The Indian Chamber of Commerce and Industry, Coimbatore, He is the Joint Secretary of Indian Council for Child Welfare, All India Board of Technician Education and Director - Board of Apprenticeship Training (SR), Government of India, Chennai. He holds 1,995 shares of the Company.

Mr.K.Murali Mohan, 66 years of age, is a B.E (Electrical) and a Fellow Member of the Institute of Chartered Accountants of India (FCA). He has been practicing as a Chartered Accountant since 1973, associated with large number of Corporates and Firms engaged in manufacturing and allied activities, Service activities, as well as Charitable Institutions & other Public bodies. He is a visiting faculty at PSG College of Technology, Coimbatore. He is an Independent Director of two other Listed Companies, The Bhavani Tea and Produce Company Limited and The BE BE Rubber Estates Limited and Director in M/s. SKDC Consultants Limited, Coimbatore. He is a Member of Audit Committee of Pricol Limited, The Bhavani Tea and Produce Company Limited and The BE BE Rubber Estates Limited. He does not hold any shares of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

Mr.Suresh Jagannathan, 57 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.

Mr.R Vidhya Shankar, 44 years of age, is a Bachelor of Commerce and Bachelor of Law from Bharathiyar University, Coimbatore. He is a Gold Medalist and holds the record for a very rare first class in Law from the said University. He is a Partner of M/s.Ramani & Shankar, one of the oldest Law Firms in South India and ranked amongst the top 10 law firms by Business World in the year 2011. He specialises in Corporate Law, including in Corporate Transactions, Corporate Restructuring, Schemes and Arrangements, Corporate litigations, Domestic and International Arbitrations, Capital Market, FEMA compliances, Cross-border Transaction and General Corporate Advisory Services. Several of the litigations where he has been the Counsel on record, are landmark decisions reported in leading Corporate Journals. He is a sought after speaker on various corporate issues and regularly addresses seminars organised by Chambers of Commerce, ICAI, ICSI etc. He has served as Independent Director on the Board of Treadsdirect Limited. He currently serves as Independent Director on the Board of L.G.Balakrishnan & Brothers Limited and also a member of Investors Grievance Committee of the said Company. He is the Chairman of Audit Committee and member of Stakeholders Relationship Committee of Pricol Limited. He does not hold any shares of the Company.

Mr.G.Soundararajan, 56 years of age, is a Bachelor of Science from PSG College of Arts and Science, Coimbatore, is a leading Industrialist. He is the Vice Chairman of C.R.I. Pumps Private Limited and a Director in Apex Bright Bars (CBE) Private Limited, C.R.I. Amalgamations Private Limited, C.R.I Infrastructures India Private Limited, G4 Investments (India) Private Limited, C.R.I.Pumps S.A.(PTY) Limited, Bombas C.R.I. Espana S.L., Spain, C.R.I PUMPS (Shanghai) Co., Ltd., Fabbrica Italiana Pompe Sommergibili S.r.l., and Trustee of C.R.I. Charitable Trust, Shri K.Gopal Memorial Trust, Coimbatore Masonic Charity Trust and Sri Gopal Naidu Educational Trust. He does not hold any shares of the Company.

3. Audit Committee:

- 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 177 of the Companies Act, 2013.
- Composition, Name of Members / Chairman, meetings held and Members present during the year 2013-2014 :**

Name of the Member	Category	Date of Meeting / Members present					
		25th May 2013	23rd July 2013	24th September 2013	5th November 2013	24th January 2014	1st February 2014
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	—	✓	✓	✓	—	✓

REPORT ON CORPORATE GOVERNANCE (Contd.,)

- c. The Company Secretary acts as the Secretary to the Committee. The Chief Executive 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 the Executive Directors based on overall performance and financial results of the Company during the relevant financial year and in consonance with the existing industrial practice.
- b. **Composition, Name of Members / Chairman, Meetings held and Members present during the year 2013 - 2014 :**

Name of the Member	Category
Mr.C.R.Swaminathan (Chairman)	Non Executive - Independent
Mr.K.Murali Mohan	Non Executive - Independent
Mr.R.Vidhya Shankar	Non Executive - Independent

During the year 2013-14, no Remuneration Committee meeting was held.

c. Remuneration to Directors :

The remuneration payable to the 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 2013 - 2014 :

₹ Million

Name of the Director	Designation	Service Contract	Salary, perquisites & benefits (Gross)	Commission	Total
Mrs.Vanitha Mohan	Vice Chairman	1st April 2013 to 31st March 2016	4.266	3.450	7.716
Mr.Vikram Mohan	Managing Director	1st April 2013 to 31st March 2016	11.376	4.600	15.976
Mr.K.Udhaya Kumar	President	1st June 2008 to 31st May 2013	0.590	0.192	0.782

REPORT ON CORPORATE GOVERNANCE (Contd.,)

The remuneration payable to the Non-Executive Directors for the year 2013-2014 and the shares held by them are given below:

Name of the Non-Executive Director	Commission (₹ Million)	No. of Shares held on 31st March, 2014
Mr. Vijay Mohan	0.301	9,544,440
Mr. Suresh Jagannathan	0.185	26,985
Mr. C.R. Swaminathan	0.414	1,995
Mr. D. Sarath Chandran	0.287	45,000
Mr. R.Vidhya Shankar	0.502	—
Mr. G.Soundararajan	0.118	—
Mr. K. Murali Mohan	0.488	—

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 20th May 2013, 19th July 2013, 26th October 2013 and 24th January 2014. Mr. D. Sarath Chandran, Director chaired the meetings. Mr. T.G. Thamizhanban, Company Secretary is the compliance officer.

During the year, 23 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
2011 - 39th AGM	19th August 2011 4.30 p.m.	Nil	Nani Palkhivala Auditorium Mani Higher Secondary School Pappanaickenpalayam, Coimbatore-37
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	
2013 - 41st AGM	2nd August 2013 4.30 p.m.	a) Reappointment of Mrs.Vanitha Mohan, as Vice Chairman b) Reappointment of Mr.Vikram Mohan as Managing Director c) Commission to Non-Whole Time Director	

- Court convened meeting of members held during the year 2013 - 14 : Nil
- Special resolution passed during the year 2013 - 14, through postal ballot, details of voting pattern : Nil
- During 2014 - 15, there is a proposal to conduct postal ballot to pass through special resolution - Authorisation to Board for creating / modifying charge u/s 180 (i) (a) of the Companies Act, 2013.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

7. Disclosures :

- a. 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 2013-14, all sales to the said Company were only for cash. The Board continues to monitor the recovery of dues.
- b. The Company has not entered into any materially significant related party transactions that may have potential conflict with the interest of the Company at large. Details of transactions with related parties are provided in Note No.2.51 to Notes to Financial Statements in accordance with the provision of Accounting Standard 18.
- c. There was no instance of non-compliance by the Company on any matters relating to the capital markets, nor was there any penalty / strictures imposed by the stock exchanges or SEBI or any other statutory authority on such matters, during last three years.
- d. The Company has adopted a Whistle Blower Policy.
- e. The Company has complied with all the mandatory requirement of corporate governance norms as enumerated in clause 49 of the listing agreement with the stock exchanges.
- f. The Company has complied the following non-mandatory requirements :
 - Remuneration Committee of the Board of Directors of the Company has been set up and the particulars of the Committee are given in this report itself.
 - Adopted the best practices to ensure a regime of unqualified financial statements.
- g. The Company has not complied with any other non-mandatory requirement.
- h. Transfer of Unclaimed Shares to 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.

Particulars	No. of Shareholders	No. of Shares
Opening a	764	1,077,370
Transferred from Unclaimed Shares Suspense account upto 31st March 2013 b	13	15,090
Closing Balance as on 31st March 2013 c = a - b	751	1,062,280
Claimed during the year 2013-14	18	51,535
Transferred from Unclaimed Shares Suspense account during the year 2013-14 d	18	51,535
Closing Balance as on 31st March 2014 e = c - d	733	1,010,745

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), Dinamani (Tamil) and The Hindu (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.corpfiling.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.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

9. General Shareholder information:

a. Annual General Meeting

Date : 8th August, 2014.
Time : 4.30 p.m.
Venue : Chamber Hall, Chamber Towers
8 / 732, Avinashi Road, Coimbatore - 641 018

b. Financial Year : 1st April, 2013 to 31st March, 2014

c. Date of Book closure : 1st August, 2014 to 8th August, 2014

d. Financial Calendar :

Financial reporting for the quarter ending	Financial Calendar
30th June, 2014	Between 15th July and 14th August 2014
30th September, 2014	Between 15th October and 14th November 2014
31st December, 2014	Between 15th January and 14th February 2015
31st March, 2015	Between 15th April and 30th May 2015

e. Particulars of Dividend payments : Final dividend of ₹ 0.40 per share has been recommended by the Board of Directors and subject to the approval of the shareholders at the ensuing Annual General Meeting is proposed to be paid on and before 14th August, 2014.

Interim Dividend for the year 2013-14 at the rate of ₹ 0.40 per share was paid on 14th August, 2013.

f. Listing on Stock Exchanges : National Stock Exchange of India Limited and BSE Limited

g. Stock Code : National Stock Exchange : PRICOL
BSE Limited : 526109

h. International Security Identification Number (ISIN) : INE605A01026

i. Listing and Custodial Fee : Annual Listing Fees for the year 2014-15 were paid to National Stock Exchange of India Limited and BSE Limited. Custodial Fees to Depositories for the year 2014-15 were paid to National Securities Depository Limited and Central Depository Services (India) Limited.

REPORT ON CORPORATE GOVERNANCE (Contd.,)

j. Stock Market Data:

Month	National Stock Exchange				BSE Limited			
	Price (₹)		CNX - 500 (Points)		Price (₹)		BSE - 500 (Points)	
	High	Low	High	Low	High	Low	High	Low
April - 13	20.10	14.50	4658.35	4305.00	20.10	14.50	7413.56	6872.16
May - 13	20.00	16.50	4877.65	4630.40	20.00	16.55	7748.63	7374.61
June - 13	19.00	16.10	4695.50	4317.70	18.90	16.25	7465.12	6868.43
July - 13	21.50	16.70	4673.00	4319.70	18.60	16.65	7444.46	6888.21
August - 13	18.00	14.80	4428.40	3937.70	17.60	14.50	7060.53	6301.27
September - 13	20.70	15.00	4643.00	4082.50	20.50	15.20	7413.62	6539.15
October - 13	19.95	17.10	4811.15	4367.15	19.80	17.20	7667.42	6978.73
November - 13	22.70	18.50	4847.05	4605.15	22.65	18.50	7737.66	7348.20
December - 13	31.95	20.75	4938.75	4743.45	31.70	20.65	7862.72	7558.21
January - 14	31.30	25.50	4961.45	4645.25	31.00	25.35	7902.67	7401.20
February - 14	30.50	26.05	4852.05	4596.05	30.40	24.20	7714.56	7320.93
March - 14	29.95	25.35	5234.30	4809.55	29.15	25.30	8315.58	7648.69

k. 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.

l. 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.,)

m. Shareholding pattern as on 31st March 2014 :

Shares held by	No. of holders	No. of Shares	% of Total Paid-up Capital
Promoters & Associates	24	36,503,946	38.63
Non-Resident Indians	192	1,201,587	1.27
Banks / Indian Financial Institutions	4	46,044	0.05
Venture Capital Funds	1	2,700,000	2.86
Insurance Companies	1	268,966	0.28
Bodies Corporate	567	19,573,072	20.71
Mutual Funds	4	1,634,750	1.73
Public	24,203	32,571,635	34.47
Total	24,996	94,500,000	100.00

n. Distribution of Shareholding as on 31st March 2014 :

Shareholding (Range)	No. of holders	No. of Shares	% of Total Paid-up Capital
Upto 500	17,336	3,495,496	3.70
501 to 1000	3,131	2,661,757	2.82
1001 to 2000	1,810	2,834,140	3.00
2001 to 3000	847	2,170,911	2.30
3001 to 4000	362	1,300,847	1.37
4001 to 5000	376	1,748,621	1.85
5001 to 10000	595	4,356,769	4.61
10001 and above	539	75,931,459	80.35
Total	24,996	94,500,000	100.00

o. Dematerialisation of shares and liquidity as on 31st March 2014 :

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 Limited (NSDL)	16,920	67.69	65,345,421	69.15
ii) Central Depository Services (India) Limited (CDSL)	6,866	27.47	14,847,319	15.71
Demat Form (i + ii)	23,786	95.16	80,192,740	84.86
iii) Physical Form	1,210	4.84	14,307,260	15.14
Total	24,996	100.00	94,500,000	100.00

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

REPORT ON CORPORATE GOVERNANCE (Contd.,)

p. As on 31st March 2014, there are no Outstanding GDRs / ADRs / Warrants or any Convertible Instruments.

q. **Address for correspondence :**

Registrar & Transfer Agents

Integrated Enterprises (India) Limited
Unit : Pricol 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 4336231 / 6272
Fax : + 91 422 4336299
Email : cs@pricol.co.in

r. **Website address**

: www.pricol.com

s. **Name of the Compliance Officer**

: Mr. T.G.Thamizhanban, Company Secretary

Coimbatore
29th May, 2014

For and on behalf of the Board
Vijay Mohan
Chairman

CODE OF CONDUCT

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

Declaration

All the Board members and senior management personnel affirmed compliance with the code of conduct of the company for the financial year ended 31st March 2014.

Coimbatore
29th May 2014

Vijay Mohan
Chairman

COMPLIANCE CERTIFICATE (Under Clause 49 of the Listing Agreement)

To the Members of **Pricol Limited**

We have examined the compliance of the conditions of Corporate Governance by PRICOL LIMITED (the Company) for the year ended 31st March, 2014, as stipulated in Clause 49 of the Company's Listing Agreements with the National Stock Exchange of India Limited and BSE Limited.

We have broadly reviewed the procedures adopted by the Company for ensuring compliance with the conditions of Corporate Governance and implementation thereof. Our examination was neither an audit nor an expression of opinion on the financial statements of the company. Compliance with the conditions of Corporate Governance is the responsibility of the Company's management.

We hereby certify that, in our opinion and to the best of our information and based on the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We also wish to state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company during the said financial year.

Chennai
29th May 2014

For S Krishnamurthy & Co.
Company Secretaries
K. Sriram
Partner
CP 2215, Chennai.

TEN YEARS PERFORMANCE AT A GLANCE

OPERATING RESULTS

₹ Million

Year Ended 31st March	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Sales & Services										
- Domestic	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	6,899.65
- Export	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	1,402.78
Total Net Sales & Services	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	8,302.43
Gross Surplus from Operation	890.31	778.13	954.17	763.11	335.34	909.50	768.73	737.32	604.37	658.14
Other Income	19.45	29.30	30.36	69.41	42.28	33.30	57.15	21.47	15.16	36.22
Depreciation & Amortisation Expense (a)	218.90	256.60	295.92	327.19	364.91	351.78	337.04	291.91	319.50	306.65
Finance Costs (b)	68.33	121.87	180.48	287.00	395.51	316.45	273.12	297.92	163.31	65.20
Exceptional Items (Net)	—	—	—	—	—	—	—	494.20	—	516.33
Profit / (Loss) Before Tax (PBT) (c)	622.53	428.96	508.13	218.33	(382.80)	274.57	215.72	663.16	136.72	838.84
Tax Provision incl. Deferred Tax	210.00	125.87	146.00	27.50	(82.56)	19.77	(15.43)	99.00	(20.68)	168.85
Profit / (Loss) After Tax (PAT) (d)	412.53	303.09	362.13	190.83	(300.24)	254.80	231.15	564.16	157.40	669.99
Dividend (including tax) (e)	102.62	102.62	105.30	63.18	—	41.98	62.76	83.68	42.12	88.45
Retained Profit / (Loss)	309.91	200.47	256.83	127.65	(300.24)	212.82	168.39	480.48	115.28	581.54

As at 31st March	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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SOURCES OF FUNDS

Share Capital	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	94.50
Reserves & Surplus	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	3,113.32
Money received against Share Warrants	—	—	—	—	—	—	—	20.25	20.25	—
Networth (f)	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	3,207.82
Deferred Tax Liability / (Asset)	93.19	87.19	67.19	37.19	(29.81)	(56.81)	7.00	51.00	40.00	81.00
Loan Funds (g)	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	439.42
Total Capital Employed (h)	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	3,728.24

APPLICATION OF FUNDS

Gross Fixed Assets	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	5,041.60
Depreciation	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	3,231.80
Net Fixed Assets	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	1,809.80
Investments	49.83	277.74	243.74	182.91	182.91	252.41	252.41	302.41	388.05	603.85
Net Current Assets	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	1,314.59
Net Assets Employed	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	3,728.24

PERFORMANCE INDICATORS

Equity shares (Nos. in Mn) (i)	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	94.50
Face Value of Equity share (₹)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Earnings per share (EPS) (₹) (d/i)	4.58	3.37	4.02	2.12	(3.34)	2.83	2.57	6.27	1.75	7.16
Diluted Earnings per share (₹)	4.58	3.37	4.02	2.12	(3.34)	2.83	2.57	6.18	1.67	7.16
Dividend per share (₹)	1.00	1.00	1.00	0.60	—	0.40	0.60	0.80	0.40	0.80
Networth per share (NWPS) (₹) (f/i)	13.93	16.49	19.34	20.76	17.43	19.79	21.66	27.22	28.51	33.95
Return on Average Networth (RONW) (%) *	36.95	22.14	22.46	10.57	(17.47)	15.21	12.39	25.65	6.28	23.21
Return on Average Capital Employed (ROCE) (%) **	26.88	16.17	15.84	10.16	0.26	13.26	11.34	22.41	7.60	24.49
Total Debt to Networth (g/f)	1.24	1.57	1.71	1.74	1.97	1.44	1.22	0.71	0.41	0.14
Interest Coverage Ratio (a+b+c)/b	13.32	6.63	5.46	2.90	0.95	2.98	3.02	4.21	3.79	18.57

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

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

REPORT OF THE 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 31, 2014, the Statement of Profit and Loss and the 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' judgment, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of 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 Act;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

Coimbatore
29th May 2014

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

ANNEXURE TO INDEPENDENT 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 31st March, 2014]

- (i) (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.
- (ii) (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.
- (iii) (a) The Company has granted loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 30 Million and the year-end balance of the loan granted to such party was ₹ 30 Million.
- (b) In view of the Note No. 2.47 of the financial statements, the terms and conditions of the advance are not, prima facie, prejudicial to the interest of the Company.
- (c) There is no stipulation as to the repayment of the loan considering the scheme of amalgamation.
- (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.
- (iv) 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.
- (v) (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 ₹ 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.
- (vi) 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty on account of any dispute, are as follows:

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

S.No.	Name of the Statute	Period to which the amount relates	Nature of dues	Amount Disputed ₹ Million	Amount paid ₹ Million	Forum where dispute is pending
1.	Central Excise Act/ Service tax / Customs	1990-2014	i) Excise Duty	23.131	Nil	Supreme Court
			ii) Excise Duty	15.750	Nil	High Court
			iii) Excise Duty	7.129	Nil	CESTAT
			iv) Excise Duty	0.155	Nil	Commissioner (Appeals)
			v) Excise Duty	30.939	Nil	Commissionerate
			vi) Service Tax	159.603	Nil	CESTAT
			vii) Service Tax	1.738	Nil	Commissioner (Appeals)
			viii) Service Tax	3.028	Nil	Commissionerate
			ix) Customs Duty	0.910	Nil	Joint Secretary, Finance Ministry
2.	Sales Tax	1995-1997	i) Sales Tax	13.325	Nil	Interim stay granted by High Court
			ii) Penalty	19.988	Nil	

- (x) 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.
- (xi) 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.
- (xii) 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.
- (xiii) In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) 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.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) 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.
- (xviii) 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.
- (xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Coimbatore
29th May 2014

BALANCE SHEET AS AT 31st MARCH 2014

	Note No.	31-3-2014 ₹ Million	31-3-2013 ₹ Million
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	94.500	90.000
(b) Reserves and Surplus	2.2	3,113.320	2,455.275
(c) Money received against Share Warrants		—	20.250
(2) Non Current Liabilities			
(a) Long Term Borrowings	2.3	—	—
(b) Deferred Tax Liabilities (Net)	2.4	81.000	40.000
(c) Long Term Provisions	2.5	60.564	39.243
(3) Current Liabilities			
(a) Short Term Borrowings	2.6	439.417	502.619
(b) Trade Payables	2.7	1,654.288	1,628.816
(c) Other Current Liabilities	2.8	323.801	856.969
(d) Short Term Provisions	2.9	60.674	57.661
Total		5,827.564	5,690.833
II. ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	2.10		
(i) Tangible Assets		1,715.862	1,738.012
(ii) Intangible Assets		76.608	69.447
(iii) Capital Work-in-progress		17.329	26.048
(b) Non Current Investments	2.11	603.853	388.050
(c) Long Term Loans and Advances	2.12	35.047	55.151
(d) Other Non-Current Assets	2.13	624.716	578.693
(2) Current Assets			
(a) Inventories	2.14	965.958	1,062.456
(b) Trade Receivables	2.15	1,589.746	1,639.644
(c) Cash and Cash Equivalents	2.16	37.797	22.092
(d) Short Term Loans and Advances	2.17	146.423	102.004
(e) Other Current Assets	2.18	14.225	9.236
Total		5,827.564	5,690.833

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 2014

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 2014

	Note No.	2013-14 ₹ Million	2012-13 ₹ Million
INCOME			
Revenue from Operations (Gross)		9,614.273	9,452.386
Less : Excise Duty		702.790	713.443
Revenue from Operations (Net)	2.19	8,911.483	8,738.943
Other Income	2.20	36.225	15.160
Total Revenue		8,947.708	8,754.103
EXPENSES			
Cost of Materials Consumed	2.21	5,508.331	5,447.852
Purchases of Stock-in-Trade		441.192	435.182
Changes in inventories of Work-in-progress, Finished Goods and Stock-in-Trade	2.22	58.918	73.640
Employee Benefits Expense	2.23	1,316.505	1,278.735
Finance Costs	2.24	65.196	163.307
Depreciation & Amortisation Expense	2.25	306.646	319.501
Other Expenses	2.26	928.409	899.169
Total Expenses		8,625.197	8,617.386
Profit from operations before Exceptional Items and Tax		322.511	136.717
Add : Exceptional Items	2.46	516.334	—
Profit Before Tax		838.845	136.717
Less : Tax Expense			
Current Tax		173.882	32.811
Deferred Tax		41.000	(11.000)
MAT Credit		(62.678)	(32.066)
For earlier years		16.648	(10.432)
Profit for the year		669.993	157.404
Earnings per Equity Share (Face Value of ₹ 1/-) in Rupees	2.32		
Basic		7.16	1.75
Diluted		7.16	1.67

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 2014

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 2014

	2013-14 ₹ Million	2012-13 ₹ Million
A. Cash flow from operating activities :		
Net Profit Before Tax	838.845	136.717
Adjustments for :		
Depreciation & Amortisation Expense	306.646	319.501
Bad debts written off	42.009	—
Provision for doubtful debts written back	(38.480)	—
Provision for doubtful debts	8.206	11.347
Profit on sale of assets (Net)	(12.357)	(5.115)
Assets Discarded / Written off	18.291	—
Profit on sale of undertaking	(516.334)	—
Exchange Fluctuation (Gain) / Loss on Re-statement	19.431	(3.677)
Interest received	(0.525)	(2.763)
Finance Costs	65.196	163.307
Income from Current Investments	—	(0.027)
	(107.917)	482.573
Operating Profit before working capital changes	730.928	619.290
Adjustments for :-		
Trade and other receivables	(98.911)	159.609
Inventories	71.308	275.474
Trade and other payables	53.146	(397.171)
	25.543	37.912
Cash generated from Operations	756.471	657.202
Direct taxes	(167.058)	(61.449)
Net cash from operating activities	589.413	595.753
B. Cash flow from investing activities :		
Purchase of Fixed Assets	(382.923)	(267.645)
Sale of Fixed Assets	61.919	32.913
Sale of undertaking	583.000	—
Interest received	0.525	2.763
Purchase of Investments	(215.803)	(127.743)
Sale of Investments	—	42.127
Net Cash (used in) / from investing activities	46.718	(317.585)
C. Cash flow from financing activities :		
Long Term Borrowings	(511.210)	(936.605)
Unsecured Loans & Deposits	(35.416)	(49.275)
Working Capital Borrowings	22.397	301.329
Proceeds from issue of Share Capital	4.500	—
Premium on issue of Shares (Net off conversion of Share Warrants into Share Capital)	56.250	—
Dividend & Tax on Dividend paid	(85.827)	(83.244)
Finance Costs paid	(71.120)	(172.950)
Net Cash used in financing activities	(620.426)	(940.745)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	15.705	(662.577)
Cash and cash equivalents as at 1.4.2013 and 1.4.2012 (Opening Balance)	22.092	684.669
Less : Bank Balances not considered as Cash and Cash equivalents as per Accounting Standard AS 3	18.780	8.123
Cash and cash equivalents as at 31.3.2014 and 31.3.2013 (Closing Balance)	19.017	13.969

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 2014

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 2014

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 historical cost convention on an accrual basis. The 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) New Product Development Cost including Technology Fee payable to Technology providers will be appropriately capitalised as and when the liability gets crystalised with mutual consent of parties concerned.
- d) 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
- e) 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.

- f) 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 and 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.

SIGNIFICANT ACCOUNTING POLICIES (Contd..)

- d) Claims made by the Company including price escalations and those made on the Company are recognised in the Statement of Profit and Loss as and when the claims are accepted / liability is crystallised.

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 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. Leases :

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as an operating lease.

Lease payments under Operating leases are recognised as an expense on a straight – line basis over the lease period.

The Assets given under operating leases are shown in Balance Sheet under Fixed assets and depreciated on a basis consistent with the depreciation policy of the company. The lease income is recognised in the statement of Profit and Loss on a straight line basis over the lease period.

XII. Government Grant and Subsidies :

Grants and subsidies from the Government are recognised when there is a reasonable assurance that Grant / Subsidy are received and all attached conditions complied with. Grant related to specific fixed assets are presented in the Balance Sheet by showing such Grant as deduction from the Fixed Asset concerned. Grants received in the nature of promoters contribution is credited to Capital Reserve and treated as a part of Shareholders' fund.

XIII. 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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 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.

XIV. 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.

XV. 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.

2.1. SHARE CAPITAL	31-3-2014 ₹ Million	31-3-2013 ₹ Million
--------------------	------------------------	------------------------

Authorised

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

100.000

100.000

Issued, Subscribed and Paid-up

94,500,000 Equity Shares of ₹ 1/- each fully paid-up

(Previous year - 90,000,000 Equity Shares of ₹ 1/- each fully paid-up)

94.500

90.000

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

Equity Shares

	31-3-2014		31-3-2013	
	No. of Shares Million	₹ Million	No. of Shares Million	₹ Million
At the beginning of the period	90.000	90.000	90.000	90.000
Add : Shares issued during the year	4.500	4.500	—	—
At the closing of the period	<u>94.500</u>	<u>94.500</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.

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 were 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 had received 25% of value of the warrants in December 2011 and the balance amount on conversion. As per the terms of issue the said warrants were converted into Equity Shares in June 2013.

The shares allotted during the year have a restriction on transfer of Shares. Of the shares allotted 2.7 million shares are locked in upto 13th December 2014 and the balance of 1.8 million shares are locked in upto 13th December 2016.

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

	31-3-2014		31-3-2013	
	No. of Shares	% held	No. of Shares	% held
Equity Shares of ₹ 1/- each fully paid				
- Vijay Mohan	9,544,440	10.10%	9,544,440	10.60%
- Viren Mohan	6,522,615	6.90%	6,522,615	7.25%
- Precot Meridian Limited	<u>5,462,250</u>	<u>5.78%</u>	<u>5,462,250</u>	<u>6.07%</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	31-3-2014 ₹ Million	31-3-2013 ₹ Million
2.2. RESERVES & SURPLUS		
Securities Premium Account		
Opening Balance	181.000	181.000
Add : Premium on issue of Shares	<u>76.500</u>	—
	257.500	181.000
General Reserve		
Opening Balance	2,088.909	2,013.909
Add : Transfer from Surplus in the Statement of Profit & Loss	<u>67.000</u>	75.000
	2,155.909	2,088.909
Surplus in the Statement of Profit & Loss		
Opening Balance	185.366	145.080
Add : Profit for the year	669.993	157.404
Less : Appropriations :-		
: Interim Dividend - 40% (From profit on sale of unit)	37.800	—
: Final Dividend - 40% (Previous year - 40%)	37.800	36.000
: Tax on Dividend	12.848	6.118
: Transfer to General Reserve	<u>67.000</u>	75.000
	699.911	185.366
	<u>3,113.320</u>	<u>2,455.275</u>
2.3. LONG TERM BORROWINGS		
	<u>Non-Current portion</u>	<u>Current Maturities</u>
	31-3-2014	31-3-2013
	₹ Million	₹ Million
Secured Loans :		
a. Rupee Term Loans from Banks	—	—
b. Rupee Term Loan from Others	—	—
		508.400
		2.810
Unsecured Loans :		
Rupee Term Loan from Others	—	—
		35.411
		<u>546.621</u>
2.4. DEFERRED TAX		
	31-3-2014	Charged /
	₹ Million	Reversed
		₹ Million
during the year		
₹ Million		
Deferred Tax Liability		
Fixed Assets	109.479	(1.177)
	<u>109.479</u>	<u>(1.177)</u>
Deferred Tax Asset		
Disallowance under the Income Tax Act	28.479	(42.177)
	<u>28.479</u>	<u>(42.177)</u>
Deferred Tax Liability (Net)	<u>81.000</u>	<u>41.000</u>
2.5. LONG TERM PROVISIONS		
For Gratuity (Refer to Note No. 2.42 (a))	2.978	6.620
For Leave Encashment (Refer to Note No. 2.42 (c))	3.792	—
For Central Excise Demands	32.289	32.289
For Others (Refer to Note No. 2.45)	21.505	0.334
	<u>60.564</u>	<u>39.243</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	31-3-2014 ₹ Million	31-3-2013 ₹ Million
2.6. SHORT TERM BORROWINGS		
Secured Loans		
Working Capital Facilities from Banks		
- In Rupee	305.423	502.619
- In Foreign Currency	33.994	—
Unsecured Loans		
Working Capital Facilities from Banks		
- In Rupee	100.000	—
	<u>439.417</u>	<u>502.619</u>
<p>Working Capital Facilities from State Bank of India, 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 State Bank of India, and ICICI Bank are further secured by pari-passu second charge on the specific immovable properties situated at Plant I - Perianaickenpalayam, Coimbatore District, Tamilnadu.</p> <p>Working Capital Facilities from The Bank of Nova Scotia and IDBI Bank are further secured by pari-passu second charge on the immovable properties situated at Plant III - Billichi Village, Coimbatore District, Tamilnadu. This security has since been substituted with pari-passu second charge on the specific immovable properties situated at Plant I - Perianaickenpalayam, Coimbatore District, Tamilnadu.</p> <p>Working Capital Facilities from Banks are repayable on demand and carries interest rates varying from 10.50% to 13.50% p.a.</p>		
2.7. TRADE PAYABLES		
Trade Payables *	1,654.288	1,628.816
	<u>1,654.288</u>	<u>1,628.816</u>
<p>* Trade Payables includes Dues to Micro, Small and Medium Enterprises amounting to ₹ 28.529 Million. (Previous year - ₹ 29.603 Million)</p> <p>There are no interest amounts paid / payable 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>		
2.8. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt (Refer to Note No. 2.3)	—	546.621
Interest Accrued but not due on loans	0.662	6.586
Unclaimed Dividend	6.008	5.493
Unclaimed Deposits including interest	0.018	0.023
Statutory Dues Payable	39.177	27.407
Other Payables	277.936	270.839
	<u>323.801</u>	<u>856.969</u>
2.9. SHORT TERM PROVISIONS		
For Leave Encashment (Refer to Note No. 2.42 (c))	0.168	—
For Gratuity (Refer to Note No. 2.42 (a))	8.968	15.543
For Taxation (Net)	7.314	—
For Dividend	37.800	36.000
For Tax on Dividend	6.424	6.118
	<u>60.674</u>	<u>57.661</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.10. FIXED ASSETS

₹ Million

	Gross Block			Balance as on 31-3-2014	Depreciation / Amortisation				Net Block	
	Cost as on 1-4-2013	Additions during 2013-14	Sales/Deletions during 2013-14		Upto 31-3-2013	For 2013-14	Withdrawn during 2013-14	Total upto 31-3-2014	Written down Value as on 31-3-2014	Value as on 31-3-2013
Tangible Assets										
Freehold Land	99.344	24.209	—	123.553	—	—	—	—	123.553	99.344
Leasehold Land	26.879	—	—	26.879	1.511	0.271	—	1.782	25.097	25.368
Buildings	994.530	5.278	5.308	994.500	315.749	32.620	0.031	348.338	646.162	678.781
Leasehold Buildings	8.065	—	—	8.065	1.344	1.344	—	2.688	5.377	6.721
Plant & Machinery	3,351.845	241.391	257.108	3,336.128	2,537.797	214.374	183.247	2,568.924	767.204	814.048
Computer Equipments	374.237	58.547	166.484	266.300	305.130	17.652	154.110	168.672	97.628	69.107
Furniture and Fittings	52.917	13.227	2.271	63.873	28.336	2.883	0.010	31.209	32.664	24.581
Office Equipments	3.818	1.102	0.673	4.247	2.202	0.214	0.484	1.932	2.315	1.616
Vehicles	46.687	5.409	16.720	35.376	28.241	3.119	11.846	19.514	15.862	18.446
Total Tangible Assets	4,958.322	349.163	448.564	4,858.921	3,220.310	272.477	349.728	3,143.059	1,715.862	1,738.012
Intangible Assets										
Computer Software	143.177	39.146	22.976	159.347	87.764	20.596	21.827	86.533	72.814	55.413
Technical Knowhow	53.092	3.333	50.425	6.000	39.058	13.573	50.425	2.206	3.794	14.034
Total Intangible Assets	196.269	42.479	73.401	165.347	126.822	34.169	72.252	88.739	76.608	69.447
Total	5,154.591	391.642	521.965	5,024.268	3,347.132	306.646	421.980	3,231.798	1,792.470	1,807.459
Previous year	5,028.368	257.019	130.796	5,154.591	3,130.629	319.501	102.998	3,347.132		
Capital Work-in-progress									17.329	26.048
Total Assets									1,809.799	1,833.507

- Notes :
- Additions to Fixed Assets includes Capital Expenditure on Research & Development of ₹ 92.114 Million (Previous year 2012-13 - ₹ 83.120 Million)
 - Freehold Land includes ₹ 39.917 Million paid by the company towards the claim for additional compensation by Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC). The claim by HSIIDC is made in instalments and the payment is made as and when the instalments become due. The said payment had been made under protest and the matter is pending before the Supreme Court. Pending disposal of the appeal by the Court, the payment of instalments are capitalised to the cost of the land.
 - Deletions to Plant and Machinery includes an amount of ₹ 7.900 Million being the Grant / Subsidy received, which has been deducted from the respective asset.

2.11. NON CURRENT INVESTMENTS

31-3-2014
₹ Million

31-3-2013
₹ Million

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

2,250,000 Equity Shares of ₹ 10/- each fully paid-up in Integral Investments Limited - (Extent of holding - 100%) 22.500 22.500

2. Shares in Subsidiary Company - Trade - Unquoted :

a) 33,027,500 Equity Shares of ₹ 10/- each fully paid-up in Pricol Castings Limited (Previous year - 17,798,200 Equity Shares of ₹ 10/- each) - (Extent of holding - 100%) 343.438 191.145

b) 2,500 Equity Shares of USD 1,000/- each fully paid-up in PT Pricol Surya, Indonesia - (Extent of holding - 100%) 123.877 123.877

c) 250,000 Equity Shares of USD 1/- each fully paid-up in Pricol Asia Pte Limited, Singapore (Previous year - 500 Equity Shares of USD 1/- each) - (Extent of holding - 100%) 15.038 0.028

3. Shares in Joint Venture - Trade - Unquoted :

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

b) 4,900,000 Equity Shares of ₹ 10/- each fully paid-up in Denso Pricol India Limited, (Extent of Holding - 49%) (Formerly, Pricol Components Limited) (Previous year - 50,000 Equity Shares of ₹ 10/- each) (Refer to Note No. 2.41) 49.000 0.500

Aggregate Cost of Un-Quoted Investments

603.853

388.050

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	31-3-2014	31-3-2013
	₹ Million	₹ Million
2.12. LONG TERM LOANS AND ADVANCES		
Unsecured considered good		
Capital Advances	12.396	15.407
Deposits	22.651	39.744
Unsecured considered doubtful	1.305	1.305
Less : Provision for Doubtful Deposits	1.305	1.305
	<u>35.047</u>	<u>55.151</u>
2.13. OTHER NON-CURRENT ASSETS		
Unsecured Considered Good		
Long Term Trade Receivables	362.210	362.511
Loans to Employees	0.368	0.566
Balances with Government Authorities	0.765	0.763
Tax Payments Pending Adjustment (Net)	4.068	3.578
MAT Credit Entitlement	257.305	211.275
	<u>624.716</u>	<u>578.693</u>
2.14. INVENTORIES		
Stock of Stores & Spares	23.606	17.131
Raw Materials & Components	668.486	712.541
(includes Goods in Transit of ₹ 137.259 Million Previous year - ₹ 139.393 Million)		
Work-in-progress	105.933	122.403
Finished Goods	79.108	100.579
Land - Stock-in-Trade	88.825	109.802
	<u>965.958</u>	<u>1,062.456</u>
2.15. TRADE RECEIVABLES		
a) Outstanding for a period exceeding six months		
i) Unsecured Considered Good	76.818	110.869
ii) Unsecured Considered Doubtful	23.628	58.411
Less : Provision for Doubtful Debts	23.628	58.411
b) Outstanding for a period less than six months		
i) Unsecured Considered Good	1,512.928	1,528.775
ii) Unsecured Considered Doubtful	22.872	18.363
Less : Provision for Doubtful Debts	22.872	18.363
	<u>1,589.746</u>	<u>1,639.644</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	31-3-2014 ₹ Million	31-3-2013 ₹ Million
2.16. CASH AND CASH EQUIVALENTS		
Cash on hand	3.879	0.997
Balances with Banks		
In Current Account	15.138	12.972
In Unclaimed Dividend Account	6.008	5.493
In Fixed Deposit Account	11.000	—
In Margin Money Account #	1.772	2.630
	<u>37.797</u>	<u>22.092</u>
# Margin Money with banks of ₹ 1.772 Million (Previous year - ₹ 2.630 Million) is towards issue of Letter of credits, Buyers Credit for Imports and Bank Guarantee.		
Of the above, the balances that meet the definition of Cash and Cash equivalent as per AS 3 Cash flow Statement is	<u>19.017</u>	<u>13.969</u>
2.17. SHORT TERM LOANS AND ADVANCES		
Unsecured Considered Good		
Advance to Related Party (Refer to Note No. 2.47 & 2.51)	30.000	—
Advances to Employees	5.016	3.734
Advances to Suppliers	35.329	35.934
Balances with Government Authorities	56.374	47.871
Prepaid Expenses	19.704	14.465
	<u>146.423</u>	<u>102.004</u>
2.18. OTHER CURRENT ASSETS		
Unsecured Considered Good		
Accrued Income	14.225	9.236
	<u>14.225</u>	<u>9.236</u>
2.19. REVENUE FROM OPERATIONS	2013-14	2012-13
Sale of Products - Finished Goods	₹ Million	₹ Million
Domestic	7,483.411	7,635.550
Export	1,402.783	1,285.912
	<u>8,886.194</u>	<u>8,921.462</u>
Less : Excise Duty	<u>702.790</u>	<u>713.443</u>
Service Income	8,183.404	8,208.019
	<u>119.026</u>	<u>74.577</u>
	<u>8,302.430</u>	<u>8,282.596</u>
Other Operating Revenue :		
Sale of Land held as Stock-in-Trade	135.183	—
Export Incentives	24.466	13.045
Sale of Traded Goods	449.404	443.302
	<u>8,911.483</u>	<u>8,738.943</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	2013-14 ₹ Million	2012-13 ₹ Million
Details of Sale of Products :		
1. Dashboard Instruments & Accessories		
a) Dashboard Instruments	3,693.577	4,063.298
b) Speedometer Cables	91.594	93.410
c) Sensors (all types)	1,352.185	1,234.453
d) Accessories & Sub-assembly Components	608.839	482.752
2. Oil Pumps	921.005	883.639
3. Chain Tensioners	278.885	232.537
4. Idle Speed Control Valve Assembly	175.282	173.822
5. Other Auto Components	544.631	552.757
6. Other Products	517.406	491.351
	<u>8,183.404</u>	<u>8,208.019</u>
2.20. OTHER INCOME		
Interest Received	0.525	2.763
Income from Current Investments	—	0.027
Rent Received	15.274	6.835
Profit on Sale of Assets (Net)	12.357	5.115
Miscellaneous Income	8.069	0.420
	<u>36.225</u>	<u>15.160</u>
2.21. COST OF MATERIALS CONSUMED		
Value of imported and indigenous Raw Materials Consumed :		
	2013-14	2012-13
	₹ Million %	₹ Million %
Imported	1,281.720 23.27	1,398.854 25.68
Indigenous	4,226.611 76.73	4,048.998 74.32
	<u>5,508.331</u> <u>100.00</u>	<u>5,447.852</u> <u>100.00</u>
2.22. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, FINISHED GOODS AND STOCK-IN-TRADE	31-3-2014	31-3-2013 (Increase)/ Decrease
Inventories at the end of the year		31-3-2014
Work-in-progress	105.933	122.403 16.470
Finished Goods	79.108	100.579 21.471
Land held as Stock-in-Trade	88.825	109.802 20.977
	<u>273.866</u>	<u>332.784</u> <u>58.918</u>
Inventories at the beginning of the year		31-3-2013
Work-in-progress	122.403	141.864 19.461
Finished Goods	100.579	154.758 54.179
Land held as Stock-in-Trade	109.802	109.802 —
	<u>332.784</u>	<u>406.424</u> <u>73.640</u>
(Increase) / Decrease in inventories of Work-in-progress, Finished Goods and Stock-in-Trade	<u>58.918</u>	<u>73.640</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	2013-14	2012-13
	₹ Million	₹ Million
2.23. EMPLOYEE BENEFITS EXPENSE		
a) Pay, Allowances and Bonus	1,133.122	1,112.227
b) Contribution to Provident and other funds	77.442	77.361
c) Welfare Expenses	105.941	89.147
	<u>1,316.505</u>	<u>1,278.735</u>
2.24. FINANCE COSTS		
Interest on Loans	62.112	159.340
Other Borrowing Costs	3.084	3.967
	<u>65.196</u>	<u>163.307</u>
2.25. DEPRECIATION & AMORTISATION EXPENSE		
Depreciation (Refer to Note No. 2.10)	270.862	273.851
Amortisation (Refer to Note No. 2.10)	35.784	45.650
	<u>306.646</u>	<u>319.501</u>
2.26. OTHER EXPENSES		
Power & Utilities (Refer to Note No. 2.33)	195.400	197.833
Stores & Spares Consumed	1.221	11.725
Repairs and Maintenance :		
- Machinery	85.464	88.604
- Building	20.284	15.983
- Others	14.861	9.002
Printing & Stationery	10.030	9.063
Postage & Telephone	13.542	11.396
Rent	19.490	20.405
Rates, Taxes & Licence	15.621	24.323
Insurance	23.879	25.186
Bank Charges	9.826	17.041
Travelling & Conveyance	81.038	75.948
Freight & Forwarding and Selling Expenses	137.903	161.076
Advertisement & Sales Promotion	4.188	3.376
Commission & Discount on Sales	20.429	28.580
Royalty	20.095	28.038
Bad Debts written off	42.009	—
Less : Provision for Doubtful debts written back	<u>38.480</u>	<u>—</u>
Provision for doubtful debts	8.206	11.347
Commission to Non-Whole Time Directors	2.295	1.520
Auditors' Remuneration (Refer to Note No. 2.35)	4.890	4.863
Professional Charges	163.829	107.698
Exchange Fluctuation (Net)	18.559	38.017
Assets Discarded / Written off	18.291	—
Miscellaneous Expenses	35.289	8.145
Donations	0.250	—
	<u>928.409</u>	<u>899.169</u>

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.27. PROVISIONS AS ON THE CLOSING DATE :

	Opening Balance 1-4-2013	Additions	Utilised / Reversals	₹ Million Closing Balance 31-3-2014
1. Excise Duty Demands	32.289	—	—	32.289
2. Others	0.334	21.171	—	21.505
	<u>32.623</u>	<u>21.171</u>	<u>—</u>	<u>53.794</u>

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

CONTINGENT LIABILITIES	As at 31-3-2014 ₹ Million	As at 31-3-2013 ₹ Million
Sales Tax Matters	33.313	33.313
Excise, Service Tax and Customs Matters	210.094	187.793
Corporate Guarantee to Subsidiaries	274.700	401.885
Letter of Credit	97.299	104.827
	<u>615.406</u>	<u>727.818</u>

COMMITMENTS

Estimated Value of contracts remaining to be executed on Capital account	34.851	24.762
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2.29. EARNINGS IN FOREIGN CURRENCY (FOB) :

Exports Sales	1,360.086	1,233.704
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2.30. EXPENDITURE IN FOREIGN CURRENCY :

CIF Value of Imports :

Raw Materials & Components	1,325.847	1,415.858
Spares	7.130	5.594
Capital Goods	32.557	8.984
Total	<u>1,365.534</u>	<u>1,430.436</u>

Other Payments :

Royalty on Sales	20.095	28.038
Interest on Foreign Currency Loans	4.212	10.764
Other matters	56.348	64.449
Dividend *	—	9.000
Total	<u>80.655</u>	<u>112.251</u>

2.31. DIVIDEND REMITTED IN FOREIGN CURRENCY *

a) Dividend (₹ Million)	—	9.000
b) No. of Non-Resident Shareholders (in Nos.)	—	1
c) No. of Shares of ₹ 1/- each held by them (in Nos.)	—	11,250,000

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	2013-14 ₹ Million	2012-13 ₹ Million
2.32. EARNINGS PER SHARE :		
Profit After Tax	669.993	157.404
Weighted Average No. of Shares Outstanding		
- Basic (Nos. in Million)	93.600	90.000
- Diluted (Nos. in Million)	93.600	94.500
Basic Earnings per share (in ₹)	7.16	1.75
Diluted Earnings per share (in ₹)	7.16	1.67
Face Value per Equity Share (in ₹)	1.00	1.00
2.33. Power & Utilities is net of Wind Power of ₹ 11.485 Million (Previous year - ₹ 10.008 Million) representing units supplied to the grid against which equivalent consumption was made inhouse.		
2.34. RESEARCH AND DEVELOPMENT EXPENDITURE :		
Capital	97.014	83.120
Recurring	217.343	262.142
Grant Received	(4.900)	(1.390)
	<u>309.457</u>	<u>343.872</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.		
2.35. REMUNERATION TO AUDITORS (EXCLUSIVE OF SERVICE TAX) :		
For Audit	2.400	2.000
For Taxation Matters	1.375	1.080
For Certification and Others	0.990	1.700
Reimbursement of Expenses	0.125	0.083
Total	<u>4.890</u>	<u>4.863</u>
2.36. EMPLOYEE BENEFITS EXPENSE INCLUDE :		
Remuneration to Whole Time Directors'		
Salary	6.860	5.565
HRA	4.090	2.661
Commission	8.242	3.286
Contribution to Provident Fund & Other Funds	1.852	1.503
Perquisites & Benefits	3.430	2.345
Total	<u>24.474</u>	<u>15.360</u>
2.37. Balances in parties accounts are subject to confirmation / reconciliation. Appropriate adjustments, if any, will be made as and when the balances are reconciled.		
2.38. In view of the considerable number of items diverse in composition, size and nature, it is not practicable to furnish particulars of materials consumed.		

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.39. INTEREST IN JOINT VENTURES :

The aggregate amount of assets, liabilities, income and expenses related to the company's share in the Joint Venture is given below :

₹ Million

	Johnson Controls Pricol Private Limited		Denso Pricol India Limited (Formerly, Pricol Components Limited)	
	2013-14	2012-13	2013-14	2012-13
Extent of Holding	50%	50%	49%	—
Balance Sheet				
Share Capital	50.000	50.000	49.000	—
Reserves & Surplus	274.440	324.660	181.857	—
Non Current Liabilities	1.620	3.925	105.772	—
Current Liabilities	226.920	191.330	119.165	—
Fixed Assets (Net)	350.910	364.885	280.568	—
Long Term Loans & Advances	5.450	1.615	1.443	—
Current Assets	196.620	203.415	173.783	—
Income statement				
Income	518.495	623.335	283.845	—
Expenses	568.715	641.095	348.031	—
Profit / (Loss) Before Tax	(50.220)	(17.760)	(64.186)	—
Provision for Taxes	—	(0.060)	14.632	—
Profit / (Loss) After Tax	(50.220)	(17.700)	(78.818)	—
COMMITMENTS				
Estimated Value of contracts remaining to be executed on Capital account	0.225	0.600	3.356	—

2.40. a) Income Tax Assessments are completed upto Assessment Year 2011-12.

b) Subsequent to the date of Balance Sheet, the Honourable Madras High Court has passed an order in favour of the Income tax department in respect of an appeal filed by the department. The Order is yet to be given effect to by the Assessing Officer. As of date, the company is unable to ascertain the impact of this order for the assessment year 1999-2000 and three other subsequent assessment years. The company is in discussion with the experts for future course of action.

2.41. During the financial year the company has entered into a Joint Venture Agreement with Denso Corporation, Japan, having a ownership interest of 49%. The Joint Venture, Denso Pricol India Limited has commenced its operation on 23rd April 2013.

2.42. 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.

NOTES TO FINANCIAL STATEMENTS (Contd.,)

I. Principal actuarial assumptions used as at the Balance Sheet Date :

Period Covered	2013-14	2012-13
Discount Rate	9.15% p.a.	8.19% p.a.
Expected Return on Plan assets	8.00% p.a.	8.00% p.a.
Average future working life	16 yrs	17 yrs

The estimates of future salary increases considered in actuarial valuation, taking into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

II. Changes in the Present Value of the Obligation :	₹ Million	₹ Million
Present Value of obligation beginning of the period	144.955	138.294
Interest cost	12.192	10.186
Current service cost	13.996	12.569
Past service cost	—	—
Benefits paid	(23.426)	(27.853)
Actuarial (Gain) / Loss on obligation	4.241	11.759
Present Value of obligation end of the period	151.958	144.955

III. Changes in the Fair Value of plan assets :

Fair Value of plan assets beginning of the period	122.792	138.301
Expected return on plan assets	10.512	10.444
Contributions	24.700	—
Benefits paid	(19.095)	(27.853)
Actuarial Gain / (Loss) on plan assets	1.103	1.900
Fair Value of plan assets as at the end of the period	140.012	122.792

IV. Amounts recognised in the Balance Sheet :

Present Value of obligation	151.958	144.955
Fair Value of plan assets	(140.012)	(122.792)
Liability / (Asset)	11.946	22.163
Unrecognised past service cost	—	—
Asset / (Liability) recognised in the Balance Sheet	(11.946)	(22.163)

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

Current service cost	13.996	12.569
Interest Cost	12.192	10.186
Expected return on plan assets	(10.512)	(10.444)
Net Actuarial (Gain) / Loss recognised in the year	3.138	9.859
Past service cost	—	—
Expenses recognised in the Statement of Profit & Loss	18.814	22.170

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 :	₹ Million				
	2013-14	2012-13	2011-12	2010-11	2009-10
Present Value of obligation	151.958	144.955	138.294	136.047	113.844
Plan Assets	140.012	122.792	138.301	119.799	117.209
Surplus / (Deficit)	(11.946)	(22.163)	0.007	(16.248)	3.365
Experience adjustments on plan liabilities	12.697	23.553	2.440	12.706	2.688
Experience adjustments on plan assets	(1.103)	(1.900)	(1.356)	0.222	9.875

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	2013-14 ₹ Million	2012-13 ₹ Million
VII. Major Categories of plan assets (As percentage of total plan assets) :		
Funds Managed by Insurance Companies	100%	100%
VIII. Enterprise's best estimate of contribution during next year	8.968	15.543

- b) Contribution of ₹ 48.980 Million (Previous year - ₹ 49.291 Million) made to defined contribution plans were charged to Statement of Profit and Loss.
- c) The Company also extends defined benefit plans in the form of Compensated absences to employees. The Employee Benefits towards Compensated absences are provided based on actuarial valuation made at the end of the year.

Employee benefits towards Compensated absences recognised in the Statement of Profit and Loss are as follows :

Actuarial Assumptions :

The Principal assumptions used in determining company's liability towards employee benefits under Compensated absences are furnished below :

Period Covered	2013-14	2012-13
Discount Rate	9.15% p.a.	—
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.		
Current service cost	3.960	—
Interest Cost	—	—
Expenses recognised in the Statement of Profit & Loss	<u>3.960</u>	<u>—</u>

The expense has been included under the head "Pay, Allowances and Bonus" under "Employee Benefits Expense" in the Statement of Profit and Loss.

- 2.43. 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, 2014		31st March, 2013	
	Within India	Outside India	Within India	Outside India
Segment Revenue	7,508.700	1,402.783	7,453.031	1,285.912
Segment Assets	5,206.548	17.163	5,286.041	16.742
Purchase of Fixed Assets	391.591	0.051	256.976	0.043

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.

NOTES TO FINANCIAL STATEMENTS (Contd.,)

	2013-14 ₹ Million	2012- 13 ₹ Million
2.44. Operating Leases :		
a) As Lessee :		
Amortisation of premium paid for leasehold rights	0.271	0.271
Annual lease payments charged off to Statement of Profit and Loss	6.584	5.612
Future Minimum Lease Payments		
- Not later than one year	6.246	6.112
- Later than one year and not later than five years	20.809	26.648
- Later than five years	13.108	8.736
b) As Lessor :		
Annual lease receipts included as income in the Statement of Profit and Loss	7.460	—
Future Minimum Lease Receivables		
- Not later than one year	9.862	—
- Later than one year and not later than five years	32.274	—
- Later than five years	—	—

2.45. Long Term Provision for others includes unusable tools amounting to ₹ 16 Million (Previous year - Nil).

2.46. The Company has sold its instrument cluster business related to four wheeler personal passenger vehicles with Denso Technology at Plant I, Coimbatore and Plant II, IMT Manesar, Gurgaon Plant as a going concern basis under a Slump Sale Method on 22nd April 2013 to Pricol Components Limited (Presently, Denso Pricol India Limited). The income from Slump Sale is reflected as Exceptional Item in Statement of Profit and Loss.

2.47. The Board at its meeting held on 24th January 2014 approved the draft scheme of amalgamation of Xenos Automotive Limited (a related party) with Pricol Limited effective 1st January 2014, a company engaged in manufacture and trading of vehicle accessories subject to the required approvals in the manner as required under the Companies Act and Securities and Exchange of Board of India (SEBI).

The Company had filed the Draft Scheme with BSE Limited (Designate Stock Exchange) and National Stock Exchange of India Limited as per SEBI circulars, for their 'No-objection' to the Draft Scheme. The Stock Exchanges had given their 'No-objection' to the draft scheme.

The Company is in process of filing necessary applications, petitions etc. with Honourable High Court of Madras for getting their approval.

Considering the above merger, based on the approval of the Board of Directors a sum of ₹ 30 Million has been funded to Xenos Automotive Limited, on the condition that in the event of the Scheme of Amalgamation not being effective, the amount advanced shall be repaid with a simple interest of 10% p.a. The maximum amount outstanding during the year is ₹ 30 Million.

NOTES TO FINANCIAL STATEMENTS (Contd.,)

2.48. a) Details of Foreign Currency Exposures that are hedged by a derivative instrument or otherwise :

Particulars	Foreign Currency	2013-14	2012-13	2013-14	2012-13
		Amount of Foreign Currency in Million		Equivalent Amount in ₹ Million	
Buyers Credit	USD	5.318	5.581	333.968	308.571
	JPY	—	79.439	—	52.078

b) Details of Foreign Currency Exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Foreign Currency	2013-14	2012-13	2013-14	2012-13
		Amount of Foreign Currency in Million		Equivalent Amount in ₹ Million	
Trade Payables	CHF	0.063	0.030	4.245	1.739
	EUR	0.017	0.002	1.416	0.132
	GBP	0.002	0.009	0.204	0.723
	JPY	103.067	110.173	60.634	63.636
	USD	1.155	1.090	69.415	59.278
Trade Receivables	EUR	0.685	1.280	56.570	89.028
	USD	4.377	4.133	263.040	224.776
	GBP	—	0.151	—	12.447
	AED	—	2.095	—	30.983

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

2.50. All figures are in Rupees Million unless otherwise stated.

2.51. List of Related Parties with whom transactions have taken place during the year 2013-14 and relationship :

Holding Company : Nil ; **Subsidiary Companies** : Pricol Castings Limited, PT Pricol Surya, Indonesia, Pricol Asia Pte Limited, Singapore, Integral Investments Limited and Shanmuga Steel Industries Limited. (Subsidiary of Integral Investments Limited) **Key Management Personnel** : Mrs. Vanitha Mohan, Mr. Vikram Mohan and Mr. K. Udhaya Kumar **Joint Venture** : Johnson Controls Pricol Private Limited, Denso Pricol India Limited (Formerly, Pricol Components 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 Properties Limited, Pricol Corporate Services Limited, Xenos Automotive Limited, Pricol Engineering Industries Ltd (Formerly, Penta Enterprises (India) Limited), Vascon Pricol Infrastructures Limited, Prininfra Limited, Prime Agri Solutions (India) Limited, Priara Enterprises 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 and Ellargi & Co.

NOTES TO FINANCIAL STATEMENTS (Contd.,)

₹ Million

Nature of Transaction	Subsidiary Companies		Key Management Personnel		Others / Joint Venture	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Purchase / Labour Charges	41.800	30.052	—	—	252.957	269.153
Sales / Job Work Charges	43.755	66.639	—	—	445.830	315.496
Sale of Undertaking	—	—	—	—	583.000	—
Purchase of Fixed Assets	—	—	—	—	0.229	—
Sale of Fixed Assets	—	—	—	—	42.645	17.089
Receiving of Services / Reimbursement of Expenses Paid	—	—	24.474	15.360	319.263	189.647
Rendering of Services / Reimbursement of Expenses Received	0.741	0.453	—	—	132.187	52.087
Loan / Advance Receivable / Deposit / Interest - Opening	8.402	41.650	—	—	1.089	1.089
Add : Amount advanced / Deposit during the year	156.793	1.050	—	—	30.000	—
Less : Amount received / converted into capital during the year	152.293	—	—	—	—	—
Add : Interest receivable for the year	—	3.603	—	—	—	—
Less : Amount received / Adjustments	4.650	30.045	—	—	—	—
Less : Rental advance received	—	—	—	—	2.423	—
Less : Interest received for the year	—	7.856	—	—	—	—
Loan / Advance Receivable / Deposit / Interest - Closing	8.252	8.402	—	—	28.666	1.089
Advance payable - Opening	—	—	—	—	—	—
Less : Amount repaid during the year	—	—	—	—	—	—
Advance payable - Closing	—	—	—	—	—	—
Investments - Opening	338.050	252.407	—	—	50.000	50.000
Add : Investments made during the year	167.303	85.643	—	—	49.000	—
Less : Divestment during the year	0.500	—	—	—	—	—
Investments - Closing	504.853	338.050	—	—	99.000	50.000
Guarantee - Opening	401.885	138.415	—	—	—	—
Add : Guarantee provided during the year	30.000	263.470	—	—	—	—
Less : Guarantee released during the year	157.185	—	—	—	—	—
Guarantee - Closing	274.700	401.885	—	—	—	—
Receivable - Opening	101.490	263.167	—	—	454.203	425.165
Add : Amount receivable during the year	49.017	65.890	—	—	770.626	401.086
Less : Amount received during the year	61.769	227.567	—	—	710.681	372.048
Receivable - Closing	88.738	101.490	—	—	514.148	454.203
Payable - Opening	2.436	11.311	3.286	6.355	101.957	39.145
Add : Amount payable during the year	60.327	35.006	24.474	15.360	684.652	461.877
Less : Amount paid during the year	54.830	43.881	19.518	18.429	712.623	399.065
Payable - Closing	7.933	2.436	8.242	3.286	73.986	101.957

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 2014

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 THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Pricol Limited

We have audited the accompanying Consolidated Financial Statements of Pricol Limited ("the Company") and its subsidiaries, and joint ventures (the Company, its subsidiaries, associates and joint ventures constitute "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the 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' judgment, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 Standard (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 ventures.

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 ventures 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 31, 2014;
- (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 three subsidiaries whose financial statements reflect total assets (net) of ₹ 67.440 Million as at March 31, 2014, total revenues of ₹ 1,028.841 Million and net cash outflows amounting to ₹ 34.771 Million for the year then ended. We did not audit the financial statements of two joint ventures whose financial statements reflect total assets (net) of ₹ 1,120.016 Million as at March 31, 2014, total revenues of ₹ 1,616.265 Million and net cash inflows amounting to ₹ 167.175 Million for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

Coimbatore
29th May 2014

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2014

	Note No.	31-3-2014 ₹ Million	31-3-2013 ₹ Million
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	94.500	90.000
(b) Reserves and Surplus	2.2	3,330.500	2,711.921
(c) Money received against Share Warrants		—	20.250
(2) Non Current Liabilities			
(a) Long Term Borrowings	2.3	117.147	36.613
(b) Deferred Tax Liabilities (Net)	2.4	92.257	36.691
(c) Long Term Provisions	2.5	82.892	53.777
(3) Current Liabilities			
(a) Short Term Borrowings	2.6	544.024	619.486
(b) Trade Payables	2.7	2,283.983	1,916.957
(c) Other Current Liabilities	2.8	505.888	1,088.684
(d) Short Term Provisions	2.9	70.624	73.703
Total		7,121.815	6,648.082
II. ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	2.10		
(i) Tangible Assets		2,367.313	2,290.312
(ii) Intangible Assets		395.130	189.863
(iii) Capital Work-in-progress		36.482	26.638
(b) Non Current Investments	2.11	7.200	7.200
(c) Long Term Loans and Advances	2.12	42.241	62.189
(d) Other Non-Current Assets	2.13	659.773	611.743
(2) Current Assets			
(a) Current Investments	2.14	16.591	16.175
(b) Inventories	2.15	1,263.054	1,298.726
(c) Trade Receivables	2.16	1,849.768	1,806.517
(d) Cash and Cash Equivalents	2.17	172.415	114.348
(e) Short Term Loans and Advances	2.18	293.479	215.039
(f) Other Current Assets	2.19	18.369	9.332
Total		7,121.815	6,648.082

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 2014

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 2014

	Note No.	2013-14 ₹ Million	2012-13 ₹ Million
INCOME			
Revenue from Operations (Gross)		11,821.229	11,382.582
Less : Excise Duty		851.973	837.594
Revenue from Operations (Net)	2.20	10,969.256	10,544.988
Other Income	2.21	44.577	47.374
Total Revenue		11,013.833	10,592.362
EXPENSES			
Cost of Materials Consumed	2.22	6,980.084	6,697.496
Purchases of Stock-in-Trade		441.192	435.182
Changes in inventories of Work-in-progress, Finished Goods and Stock-in-Trade	2.23	80.594	49.700
Employee Benefits Expense	2.24	1,606.813	1,518.028
Finance Costs	2.25	101.795	199.622
Depreciation & Amortisation Expense	2.26	423.950	398.344
Other Expenses	2.27	1,339.159	1,120.784
Total Expenses		10,973.587	10,419.156
Profit from operations before Exceptional Items and Tax		40.246	173.206
Add : Exceptional Items	2.28	516.334	—
Profit Before Tax		556.580	173.206
Less : Tax expense			
Current Tax		174.240	51.598
Deferred Tax		55.566	(12.483)
MAT Credit		(62.678)	(32.066)
For earlier years		16.649	(10.458)
Profit for the year		372.803	176.615
Earnings per Equity Share (Face Value of ₹ 1/-) in Rupees	2.29		
Basic		3.98	1.96
Diluted		3.98	1.87

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 2014

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 2014

	2013-14 ₹ Million	2012-13 ₹ Million
A. Cash Flow From Operating Activities :		
Net Profit Before Tax	556.580	173.206
Adjustments for :		
Depreciation & Amortisation Expense	423.950	398.344
Bad debts written off	42.009	0.417
Provision for Doubtful debts written back	(38.480)	—
Provision for Doubtful debts	10.190	12.222
Effect of change in Foreign Currency Translation Reserve	8.576	(2.573)
Provision for Diminution in value of Investments	(0.280)	0.280
Profit / (Loss) on Sale of Assets (Net)	(13.083)	(5.845)
Assets Discarded / Written off	18.291	—
Profit on Sale of Undertaking	(516.334)	—
Exchange Fluctuation (Gain) / Loss on Re-statement	19.431	(3.677)
Interest received	(1.493)	(4.071)
Finance Costs	101.795	199.622
Income from Current Investments	(0.663)	(0.218)
	53.909	594.501
Operating profit before working capital changes	610.489	767.707
Adjustments for :-		
Trade and other receivables	(234.548)	(69.777)
Inventories	10.482	254.489
Trade and other payables	407.084	(274.400)
	183.018	(89.688)
Cash generated from operations	793.507	678.019
Direct taxes	(173.311)	(66.497)
Net Cash Flow from operating activities	620.196	611.522
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(860.832)	(326.519)
Sale of Fixed Assets	95.898	33.736
Sale of Undertaking	583.000	—
Interest received	1.493	4.071
Purchase of Investments	(30.680)	(67.401)
Sale of Investments	31.207	67.622
Net Cash used in Investing Activities	(179.914)	(288.491)
C. Cash Flow from Financing Activities :		
Long Term Borrowings	(575.505)	(947.502)
Unsecured Loans & Deposits	55.724	(52.205)
Working Capital Borrowings	10.137	315.320
Proceeds from issue of Share Capital	4.500	—
Premium on issue of Shares (Net off conversion of Share Warrants into Share Capital)	316.930	—
Dividend & Tax on Dividend paid	(85.827)	(83.244)
Finance Costs paid	(108.174)	(208.606)
Net Cash Used in financing activities	(382.215)	(976.237)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	58.067	(653.206)
Cash and cash equivalents as at 1.4.2013 and 1.4.2012 (Opening Balance)	114.348	767.554
Less : Bank Balances not considered as Cash and Cash Equivalents as per Accounting Standard AS 3	18.833	8.123
Cash and cash equivalents as at 31.3.2014 and 31.3.2013 (Closing Balance)	153.582	106.225

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 2014

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 2014

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 ventures. 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 Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - "Financial Reporting of Interests in Joint Ventures".
- iii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are

converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign exchange translation reserve as per AS 11 - "Effect of Changes in Foreign Exchange Rates".

- iv) 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.
 - v) 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 Financials Statements of Pricol Limited.

2.1. SHARE CAPITAL

Authorised	31-3-2014	31-3-2013
	₹ Million	₹ Million
100,000,000 Equity Shares of ₹ 1/- each	100.000	100.000
Issued, Subscribed and Paid-up		
94,500,000 Equity Shares of ₹ 1/- each fully paid-up		
(Previous year - 90,000,000 Equity Shares of ₹ 1/- each fully paid-up)	94.500	90.000

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

Equity Shares	31-3-2014		31-3-2013	
	No. of Shares	₹	No. of Shares	₹
	Million	Million	Million	Million
At the beginning of the period	90.000	90.000	90.000	90.000
Add : Shares issued during the year	4.500	4.500	—	—
At the closing of the period	94.500	94.500	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.

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 were 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 had received 25% of value of the warrants in December, 2011 and the balance amount on conversion. As per the terms of issue the said warrants were converted into Equity Shares in June, 2013.

The shares allotted during the year have a restriction on transfer of Shares. Of the shares allotted 2.7 million shares are locked in upto 13th December 2014 and the balance of 1.8 million shares are locked in upto 13th December 2016.

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

Equity Shares of ₹ 1/- each fully paid	31-3-2014		31-3-2013	
	No. of Shares	% held	No. of Shares	% held
- Vijay Mohan	9,544,440	10.10%	9,544,440	10.60%
- Viren Mohan	6,522,615	6.90%	6,522,615	7.25%
- Precot Meridian Limited	5,462,250	5.78%	5,462,250	6.07%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	31-3-2014		31-3-2013	
	₹ Million		₹ Million	
2.2. RESERVES & SURPLUS				
Securities Premium Account				
Opening Balance	523.000		523.000	
Add : Premium on issue of Shares	<u>337.180</u>	860.180	—	523.000
General Reserve				
Opening Balance	2,093.192		2,018.192	
Add : Transfer from Surplus in the Statement of Profit & Loss	<u>67.000</u>	2,160.192	75.000	2,093.192
Statutory Reserve				
Opening Balance	9.309		9.309	
Add : Transfer from Surplus in the Statement of Profit & Loss	<u>0.065</u>	9.374	—	9.309
Surplus in the statement of Profit & Loss				
Opening Balance	100.927		41.430	
Add : Profit for the year	372.803		176.615	
Less : Appropriations :				
: Interim Dividend @ 40% (From profit on sale of Unit)	37.800		—	
: Final Dividend - 40% (Previous year - 40%)	37.800		36.000	
: Tax on Dividend	12.848		6.118	
: Transfer to Statutory Reserve	0.065		—	
: Transfer to General Reserve	<u>67.000</u>	318.217	<u>75.000</u>	100.927
Foreign Exchange Translation Reserve				
Opening Balance	(14.507)		(11.934)	
Add : Addition during the year	<u>(2.956)</u>	(17.463)	<u>(2.573)</u>	(14.507)
		<u>3,330.500</u>		<u>2,711.921</u>
2.3. LONG TERM BORROWINGS				
	Non-Current portion		Current Maturities	
	31-3-2014	31-3-2013	31-3-2014	31-3-2013
	₹ Million	₹ Million	₹ Million	₹ Million
Secured Loans :				
a. Rupee Term Loans from Banks	16.649	13.566	9.507	540.681
b. Rupee Term Loan from Others	—	—	—	2.810
c. Foreign Currency Term Loan from Banks	9.358	23.047	122.943	153.858
Unsecured Loans :				
a. Rupee Term Loan from Others	—	—	—	35.411
b. Foreign Currency Loan from Others	<u>91.140</u>	—	—	—
	<u>117.147</u>	<u>36.613</u>	<u>132.450</u>	<u>732.760</u>

Rupee Term Loan from Banks are secured by First Charge on Land & Building situated at Pollachi Main Road, Thamaraiikulam Post, Kinathukadavu (Via), Pollachi Taluk, Coimbatore - 642 109 and hypothecation of Goods, Book Debts, other movable assets at Pollachi Main Road, Thamaraiikulam Post, Kinathukadavu (Via), Pollachi Taluk, Coimbatore - 642 109 and Corporate Guarantee from Holding Company. The loans are repayable in equal monthly instalments with an interest range of 14.75% to 15% p.a.

Foreign Currency Term Loan from Banks are secured against Inventories, Book Debts and Land & Building situated at Jl. Permata Raya Lot FF-2, Kawasan Industri KIIC, Karawang and Corporate Guarantee from Holding Company. The loan is repayable in May, 2015. Interest rate for the USD loan is 6.50% p.a.

Unsecured Foreign Currency Loan from Others is repayable in September, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.4. DEFERRED TAX	31-3-2014 ₹ Million	Charged / Reversed during the year ₹ Million	31-3-2013 ₹ Million
Deferred Tax Liability			
Fixed Assets	<u>137.751</u>	<u>15.146</u>	122.605
A	<u>137.751</u>	<u>15.146</u>	122.605
Deferred Tax Asset			
Disallowance under the Income Tax Act	<u>32.509</u>	<u>(40.435)</u>	72.944
Unabsorbed Depreciation / Business Loss	<u>12.985</u>	<u>0.015</u>	12.970
B	<u>45.494</u>	<u>(40.420)</u>	85.914
Deferred Tax Liability (Net)	<u>92.257</u>	<u>55.566</u>	36.691
A - B			
2.5. LONG TERM PROVISIONS			
For Gratuity	25.011		21.154
For Leave Encashment	4.087		—
For Central Excise Demands	32.289		32.289
For Others	<u>21.505</u>		<u>0.334</u>
	<u>82.892</u>		<u>53.777</u>
2.6. SHORT TERM BORROWINGS			
Secured Loans			
Working Capital Facilities from Banks			
- In Rupee	370.000		582.421
- In Foreign Currency	33.994		—
Unsecured Loans			
Working Capital Facilities from Banks			
- In Rupee	<u>140.030</u>		<u>37.065</u>
	<u>544.024</u>		<u>619.486</u>
<p>Working capital facilities from banks are secured by Pari-passu first charge on the current assets of the respective companies. The loans are further secured by pari-passu second charge on the immovable properties of the respective Companies. The loans are further Guaranteed by the holding company.</p> <p>Working Capital Facilities from Banks are repayable on demand and carry interest rates varying from 10.50% to 13.50% p.a.</p>			
2.7. TRADE PAYABLES			
Trade Payables *	<u>2,283.983</u>		1,916.957
	<u>2,283.983</u>		<u>1,916.957</u>
<p>* Trade Payables includes Dues to Micro, Small and Medium Enterprises amounting to ₹ 28.529 Million (Previous year - ₹ 31.776 Million)</p>			
2.8. OTHER CURRENT LIABILITIES			
Current Maturities of Long Term Debt (Refer to Note No. 2.3)	132.450		732.760
Interest Accrued but not due on loans	0.887		7.266
Unclaimed Dividend	6.008		5.493
Unclaimed Deposits including interest	0.018		0.023
Statutory Dues Payable	41.303		29.399
Other Payables	<u>325.222</u>		<u>313.743</u>
	<u>505.888</u>		<u>1,088.684</u>
2.9. SHORT TERM PROVISIONS			
For Leave Encashment	0.243		—
For Gratuity	9.237		15.813
For Taxation (Net)	16.920		15.772
For Dividend	37.800		36.000
For Tax on Dividend	<u>6.424</u>		<u>6.118</u>
	<u>70.624</u>		<u>73.703</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	Gross Block		Translation Adjustment	Balance as on 31-3-2014	Upto 31-3-2013	Depreciation / Amortisation		Translation Adjustment	Total upto 31-3-2014	Net Block	
	Cost as on 1-4-2013	Additions during 2013-14				Sales/Deletions during 2013-14	For 2013-14			Withdrawn during 2013-14	Written down Value as on 31-3-2014
Tangible Assets											
Freehold Land	267.223	24.209	—	287.445	—	—	—	—	—	287.445	267.223
Leasehold Land	26.879	—	—	26.879	1.511	0.271	—	—	1.782	25.097	25.368
Freehold Buildings	1,228.803	8.507	5.308	1,226.205	378.141	42.400	0.031	(1.874)	418.636	807.569	850.662
Leasehold Building	8.065	—	—	8.065	1.344	1.344	—	—	2.688	5.377	6.721
Plant & Machinery	3,718.031	399.316	258.362	3,852.635	2,701.098	261.674	184.126	(2.994)	2,775.652	1,076.983	1,016.933
Computer Equipments	374.237	60.632	166.484	268.385	305.130	17.961	154.110	—	168.981	99.404	69.107
Furniture and Fittings	55.677	17.132	2.271	70.538	30.284	3.127	0.010	—	33.401	37.137	25.393
Office Equipments	34.097	5.597	0.969	37.520	24.836	3.495	0.544	(0.960)	26.827	10.693	9.261
Vehicles	49.420	6.278	16.720	38.978	29.776	3.440	11.846	—	21.370	17.608	19.644
Total Tangible Assets	5,762.432	521.671	450.114	5,816.650	3,472.120	333.712	350.667	(5.828)	3,449.337	2,367.313	2,290.312
Intangible Assets											
Computer Software	146.541	40.848	22.976	164.413	90.409	21.280	21.827	0.021	89.883	74.530	56.132
Technical Knowhow	53.092	3.333	50.425	6.000	39.058	13.573	50.425	—	2.206	3.794	14.034
Goodwill	0.510	—	0.510	—	—	—	—	—	—	—	0.510
Business & Commercial Rights	150.423	253.004	—	403.427	31.236	55.385	—	—	86.621	316.806	119.187
Total Intangible Assets	350.566	297.185	73.911	573.840	160.703	90.238	72.252	0.021	178.710	395.130	189.863
Total	6,112.998	818.856	524.025	6,390.490	3,632.823	423.950	422.919	(5.807)	3,628.047	2,762.443	2,480.175
Previous year	5,923.184	320.734	130.920	6,112.998	3,337.508	398.344	103.029	—	3,632.823		
Capital Work-in-Progress										36.482	26.638
Total Assets										2,798.925	2,506.813

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.11. NON CURRENT INVESTMENTS	31-3-2014	31-3-2013
Non - Trade - Unquoted :	₹ Million	₹ Million
720,000 Equity Shares of ₹ 10/- each fully paid-up in Pricol Technologies Limited	<u>7.200</u>	<u>7.200</u>
Aggregate Cost of Un-quoted Investments	<u>7.200</u>	<u>7.200</u>
2.12. LONG TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Capital Advances	17.177	17.244
Deposits	25.064	44.945
Unsecured considered Doubtful	1.305	1.305
Less : Provision for Doubtful Deposits	<u>1.305</u>	<u>1.305</u>
	<u>42.241</u>	<u>62.189</u>
2.13. OTHER NON CURRENT ASSETS		
Unsecured Considered Good		
Long Term Trade Receivables	390.055	388.077
Loans to Employees	0.368	0.566
Balances with Government Authorities	0.765	0.763
Tax Payments Pending Adjustment	11.280	11.062
MAT Credit Entitlement	<u>257.305</u>	<u>211.275</u>
	<u>659.773</u>	<u>611.743</u>

2.14. CURRENT INVESTMENTS

S.No.	Particulars	No. of Shares / Units		Amount (₹ Million)		Market Value (₹ Million)	
		31-3-2014	31-3-2013	31-3-2014	31-3-2013	31-3-2014	31-3-2013
a)	Investment in Equity Instruments						
	- Non Trade- Quoted - Fully Paid						
1.	Ashok Leyland Limited	—	1,000	—	0.032	—	0.022
2.	Bajaj Auto Limited	25	25	0.033	0.033	0.052	0.045
3.	Cholamandalam Investment & Finance Company Limited	—	200	—	0.061	—	0.054
4.	Hero Motocorp Limited	20	20	0.034	0.034	0.045	0.031
5.	IDBI Bank Limited	—	300	—	0.030	—	0.024
6.	ITC Limited	100	100	0.017	0.017	0.035	0.031
7.	JSW Energy Limited	—	700	—	0.087	—	0.038
8.	Larsen & Toubro Limited	225	150	0.263	0.263	0.286	0.205
9.	LIC Housing Finance Limited	200	200	0.045	0.045	0.047	0.045
10.	Mahindra & Mahindra Limited	100	100	0.052	0.052	0.098	0.086
11.	Maruti Suzuki India Limited	15	15	0.017	0.017	0.030	0.019
12.	Regaliaa Realty Limited	20,692	20,692	0.207	0.207	0.300	0.321
13.	Rural Electrification Limited	—	250	—	0.065	—	0.052
14.	The South Indian Bank Limited	—	500	—	0.012	—	0.012
15.	Tata Motors Limited	—	100	—	0.022	—	0.027
16.	TVS Motors Limited	—	700	—	0.019	—	0.023
	TOTAL	<u>21,377</u>	<u>25,052</u>	<u>0.668</u>	<u>0.996</u>	<u>0.893</u>	<u>1.035</u>
	Provision for Diminution			—	(0.147)	—	—
	Net Investment Value in Shares (Total - A)			<u>0.668</u>	<u>0.849</u>	<u>0.893</u>	<u>1.035</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

S.No.	Particulars	No. of Shares / Units		Amount (₹ Million)		Market Value (₹ Million)	
		31-3-2014	31-3-2013	31-3-2014	31-3-2013	31-3-2014	31-3-2013
CURRENT INVESTMENTS (Contd.,)							
b) Investments in Mutual Funds - Non Trade - Quoted - Fully paid							
1.	ICICI Prudential Flexible Income - Regular Plan Weekly Dividend	—	1,500	—	0.158	—	0.158
2.	ICICI Prudential Flexible Income - Retail	—	13,075	—	1.276	—	1.314
3.	ICICI Prudential Focussed Bluechip	—	150,592	—	2.500	—	2.396
4.	ICICI Prudential Income - Regular Growth	—	67,897	—	2.500	—	2.520
5.	Bench Mark MF-Liquid	39	39	0.035	0.035	0.039	0.037
6.	Reliance Equity Opportunities Fund	—	11,462	—	0.286	—	0.257
7.	Reliance Monthly Income Plan - Monthly Dividend Plan	—	750,427	—	8.156	—	8.168
8.	ICICI Prudential Flexible Income Plan - Regular Weekly Dividend	—	430	—	0.045	—	0.045
9.	Tata Floater Fund Plan A - Weekly Dividend	—	499	—	0.503	—	0.503
10.	ICICI Focussed Blue Chip Equity Fund Regular Growth	56,608	—	1.118	—	1.224	—
11.	ICICI Prudential Short Term Plan - Regular Growth	240,331	—	6.032	—	6.171	—
12.	Reliance Monthly Income Plan - Growth Plan - Growth option	257,001	—	6.638	—	6.984	—
13.	Reliance Top 200 Fund Dividend Plan	179,577	—	2.100	—	2.206	—
	Total	733,556	995,921	15.923	15.459	16.624	15.398
	Provision for Diminution			—	(0.133)	—	—
	Net Investment in Mutual Funds (Total - B)			15.923	15.326	17.517	15.398
	Total (A + B)			16.591	16.175	17.517	16.433
				31-3-2014		31-3-2013	
				₹ Million		₹ Million	
2.15. INVENTORIES	Stock of Stores & Spares			30.097		23.372	
	Raw Materials & Components			856.887		818.690	
	(includes Goods in Transit of ₹ 157.899 Million Previous Year - ₹ 152.078 Million)						
	Work-in-progress			189.631		222.369	
	Finished Goods			97.614		124.493	
	Land - Stock-in-Trade			88.825		109.802	
				1,263.054		1,298.726	
2.16. TRADE RECEIVABLES							
a) Outstanding for a period exceeding six months							
i) Unsecured Considered Good				3.152		26.743	
ii) Unsecured Considered Doubtful			23.903		58.464		
Less : Provision for Doubtful Debts			23.903		58.464		
b) Outstanding for a period less than six months							
i) Unsecured Considered Good				1,846.616		1,779.774	
ii) Unsecured Considered Doubtful			23.820		18.413		
Less : Provision for Doubtful Debts			23.820		18.413		
				1,849.768		1,806.517	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	31-3-2014 ₹ Million	31-3-2013 ₹ Million
2.17. CASH AND CASH EQUIVALENTS		
Cash on hand	4.106	1.209
Balances with Banks		
In Current Account	106.601	104.641
In Unclaimed Dividend Account	6.008	5.493
In Fixed Deposit Account (includes Deposit of ₹ 42.875 Million with maturity of less than 90 days, Previous year - ₹ 0.375 Million)	53.875	0.375
In Margin Money Account #	1.825	2.630
	<u>172.415</u>	<u>114.348</u>
# Margin Money with banks of ₹ 1.825 Million (Previous year - ₹ 2.630 Million) is towards issue of Letter of Credits, Buyers Credit for Imports and Bank Guarantee.		
Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow statement is	<u>153.582</u>	<u>106.225</u>
2.18. SHORT TERM LOANS AND ADVANCES		
Unsecured Considered Good		
Advance to Related Party (Refer to Note No. 2.35 & 2.37)	30.000	—
Advances to Employees	5.316	4.650
Advances to Suppliers	45.979	39.605
Balances with Government Authorities	189.647	155.254
Prepaid Expenses	22.537	15.530
	<u>293.479</u>	<u>215.039</u>
2.19. OTHER CURRENT ASSETS		
Unsecured Considered Good		
Accrued Income	18.369	9.332
	<u>18.369</u>	<u>9.332</u>
2.20. REVENUE FROM OPERATIONS	2013-14	2012-13
	₹ Million	₹ Million
Sale of Products - Finished Goods		
Domestic	9,111.040	8,963.239
Export	1,979.875	1,884.097
	<u>11,090.915</u>	<u>10,847.336</u>
Less : Excise Duty	851.973	837.594
	<u>10,238.942</u>	<u>10,009.742</u>
Service Income	121.563	79.418
	<u>10,360.505</u>	<u>10,089.160</u>
Other Operating Revenue :-		
Sale of Land held as Stock-in-Trade	135.183	—
Export Incentives	24.466	13.045
Sale of Traded Goods	449.102	442.783
	<u>10,969.256</u>	<u>10,544.988</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	2013-14 ₹ Million	2012-13 ₹ Million	
2.21. OTHER INCOME			
Interest Received	1,493	4,071	
Income from Current Investments	0,663	0,218	
Rent Received	17,584	9,015	
Profit / (Loss) on Sale of Assets (Net)	13,083	5,845	
Miscellaneous Income	11,754	28,225	
	<u>44,577</u>	<u>47,374</u>	
2.22. COST OF MATERIALS CONSUMED			
Materials Consumed	<u>6,980.084</u>	<u>6,697.496</u>	
2.23. CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, FINISHED GOODS AND STOCK-IN-TRADE			
	31-3-2014	31-3-2013	(Increase) / Decrease 31-3-2014
Inventories at the end of the year			
Work-in-progress	189,631	222,369	32,738
Finished Goods	97,614	124,493	26,879
Land held as Stock-in-Trade	88,825	109,802	20,977
	<u>376,070</u>	<u>456,664</u>	<u>80,594</u>
Inventories at the beginning of the year			31-3-2013
Work-in-progress	222,369	218,798	(3,571)
Finished Goods	124,493	177,764	53,271
Land held as Stock-in-Trade	109,802	109,802	—
	<u>456,664</u>	<u>506,364</u>	<u>49,700</u>
(Increase) / Decrease in inventories of Work-in-progress, Finished Goods and Stock-in-Trade	<u>80,594</u>	<u>49,700</u>	
	2013-14		2012-13
2.24. EMPLOYEE BENEFITS EXPENSE	₹ Million		₹ Million
a) Pay, Allowances and Bonus	1,410.767	1,315.801	
b) Contribution to Provident and other funds	83.052	83.167	
c) Welfare Expenses	112.994	119.060	
	<u>1,606.813</u>	<u>1,518.028</u>	
2.25. FINANCE COSTS			
Interest on Loans	98.453	195.435	
Other Borrowing Costs	3.342	4.187	
	<u>101.795</u>	<u>199.622</u>	
2.26. DEPRECIATION & AMORTISATION EXPENSE			
Depreciation (Refer to Note No. 2.10)	332.097	322.258	
Amortisation (Refer to Note No. 2.10)	91.853	76.086	
	<u>423.950</u>	<u>398.344</u>	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	2013-14 ₹ Million	2012-13 ₹ Million
2.27. OTHER EXPENSES		
Power & Utilities	272.089	253.757
Stores & Spares Consumed	32.628	36.486
Repairs and Maintenance :		
- Machinery	117.741	108.111
- Building	20.863	19.349
- Others	18.725	14.289
Printing & Stationery	13.233	14.638
Postage & Telephone	20.987	21.391
Rent	23.260	20.895
Rates, Taxes & Licence	22.256	34.893
Insurance	25.747	26.108
Bank Charges	12.672	18.110
Travelling & Conveyance	106.327	86.397
Freight & Forwarding and Selling Expenses	181.429	192.484
Advertisement & Sales Promotion	5.965	12.062
Commission & Discount on Sales	24.879	28.645
Royalty	21.981	28.038
Bad Debts Written off	42.009	0.417
Less : Provision for Doubtful debts written back	<u>38.480</u>	<u>—</u>
Provision for doubtful debts	10.190	12.222
Commission / Sitting Fees to Non-Whole Time Directors	2.409	1.722
Auditors' Remuneration (Refer to Note No. 2.33)	7.493	6.213
Professional Charges	254.987	144.773
Exchange Fluctuation (Net)	81.369	36.927
Assets Discarded / Written off	18.291	—
Provision for Diminution in value of investments	(0.280)	0.280
Miscellaneous Expenses	39.081	7.574
Donations	0.250	—
Prior period adjustment of Subsidiary (Net)	1.040	(4.997)
Goodwill written off	0.018	—
	<u>1,339.159</u>	<u>1,120.784</u>

2.28. EXCEPTIONAL ITEMS

The Company has sold its instrument cluster business related to four wheeler personal passenger vehicles with Denso Technology at Plant I, Coimbatore and Plant II, IMT Manesar, Gurgaon Plant as a going concern basis under a Slump Sale Method on 22nd April 2013 to Pricol Components Limited (Presently, Denso Pricol India Limited).

The income from Slump Sale is reflected as Exceptional Item in Consolidated Statement of Profit and Loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

	2013-14 ₹ Million	2012-13 ₹ Million
2.29. EARNINGS PER SHARE		
Profit After Tax	372.803	176.615
Weighted Average No. of Shares Outstanding		
- Basic (Nos. in Million)	93.600	90.000
- Diluted (Nos. in Million)	93.600	94.500
Basic Earnings per share (in ₹)	3.98	1.96
Diluted Earnings per share (in ₹)	3.98	1.87
Face Value per Equity Share (in ₹)	1.00	1.00

2.30. THE SUBSIDIARY COMPANIES / JOINT VENTURES 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.	Johnson Controls Pricol Private Limited	India	Joint Venture	50%
6.	Denso Pricol India Limited (Previously, Pricol Components Limited)	India	Joint Venture	49%

2.31. INTEREST IN JOINT VENTURES :

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 :

₹ Million

	Johnson Controls Pricol Private Limited		Denso Pricol India Limited (Formerly, Pricol Components Limited)	
	2013-14	2012-13	2013-14	2012-13
Extent of Holding	50%	50%	49%	—
Balance Sheet				
Reserves & Surplus	274.440	324.660	181.857	—
Non Current Liabilities	1.620	3.925	105.772	—
Current Liabilities	226.920	191.330	119.165	—
Fixed Assets (Net)	350.910	364.885	280.568	—
Long Term Loans & Advances	5.450	1.615	1.443	—
Current Assets	196.620	203.415	173.783	—
Income statement				
Income	518.495	623.335	283.845	—
Expenses	568.715	641.095	348.031	—
Profit / (Loss) Before Tax	(50.220)	(17.760)	(64.186)	—
Provision for Taxes	—	(0.060)	14.632	—
Profit / (Loss) After Tax	(50.220)	(17.700)	(78.818)	—

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, 2014		31st March, 2013	
	Within India	Outside India	Within India	Outside India
Segment Revenue	8,670.199	2,299.057	8,290.094	2,254.894
Segment Assets	6,461.049	653.566	6,001.057	639.825
Purchase of Fixed Assets	785.813	33.043	282.800	37.934

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. REMUNERATION TO AUDITORS (EXCLUSIVE OF SERVICE TAX)

	2013-14 ₹ Million	2012-13 ₹ Million
For Audit	4.740	3.089
For Taxation Matters	1.565	1.131
For Certification and Others	1.062	1.910
Reimbursement of Expenses	0.126	0.083
	<u>7.493</u>	<u>6.213</u>

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

	As at 31-3-2014 ₹ Million	As at 31-3-2013 ₹ Million
CONTINGENT LIABILITIES		
- in respect of Joint Ventures		
Excise Matters	3.320	—
- in respect of Others		
Sales Tax Matters	39.474	39.474
Excise Matters	210.094	187.793
Letter of Credit	97.299	104.827
	<u>350.187</u>	<u>332.094</u>
COMMITMENTS		
Estimated Value of contracts remaining to be executed on Capital account		
- in respect of Joint Ventures	3.581	0.600
- in respect of Others	34.851	30.984
	<u>38.432</u>	<u>31.584</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

2.35. List of Related Parties with whom transactions have taken place during the year 2013-14 and relationship :

Key Management Personnel : Mrs.Vanitha Mohan, Mr.Vikram Mohan and Mr.K.Udhaya Kumar **Joint Venture :** Johnson Controls Pricol Private Limited, Denso Pricol India Limited (Formerly, Pricol Components 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 Properties Limited, Pricol Corporate Services Limited, Xenos Automotive Limited, Pricol Engineering Industries Ltd (Formerly, Penta Enterprises (India) Limited), Vascon Pricol Infrastructures Limited, Prinfra Limited, Prime Agri Solutions (India) Limited, Priara Enterprises 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 and Ellargi & Co.

₹ Million

Nature of Transaction	Key Management Personnel		Others / Joint Venture	
	2013-14	2012-13	2013-14	2012-13
Purchase / Labour Charges	—	—	255.613	269.254
Sales / Job Work Charges	—	—	445.830	315.496
Sale of Undertaking	—	—	583.000	—
Purchase of Fixed Assets	—	—	0.229	—
Sale of Fixed Assets	—	—	42.645	17.089
Receiving of Services / Reimbursement of Expenses Paid	24.974	15.360	321.892	191.021
Rendering of Services / Reimbursement of Expenses Received	—	—	132.187	52.087
Loan / Advance Receivable / Deposit / Interest - Opening	—	—	1.089	1.089
Add : Amount advanced / Deposit during the year	—	—	30.000	—
Less : Amount received / converted into capital during the year	—	—	—	—
Add : Interest receivable for the year	—	—	—	—
Less : Amount received / Adjustments	—	—	—	—
Less : Rental advance received	—	—	2.423	—
Less : Interest received for the year	—	—	—	—
Loan / Advance Receivable / Deposit / Interest - Closing	—	—	28.666	1.089
Advance payable - Opening	—	—	—	—
Less : Amount repaid during the year	—	—	—	—
Advance payable - Closing	—	—	—	—
Investments - Opening	—	—	—	—
Add : Investments made during the year	—	—	—	—
Less : Divestment during the year	—	—	—	—
Investments - Closing	—	—	—	—
Guarantee - Opening	—	—	—	—
Add : Guarantee provided during the year	—	—	—	—
Less : Guarantee released during the year	—	—	—	—
Guarantee - Closing	—	—	—	—
Receivable - Opening	—	—	454.203	425.165
Add : Amount receivable during the year	—	—	770.626	401.086
Less : Amount received during the year	—	—	710.681	372.048
Receivable - Closing	—	—	514.148	454.203
Payable - Opening	3.286	6.355	101.957	39.145
Add : Amount payable during the year	24.474	15.360	687.742	461.877
Less : Amount paid during the year	19.518	18.429	714.812	399.065
Payable - Closing	8.242	3.286	74.887	101.957

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.,)

- 2.36.** The audited Financial Statements of Foreign Subsidiaries have been prepared in accordance with the generally accepted accounting principles prevailing in its country of incorporation.
- 2.37.** The Board at its meeting held on 24th January 2014 approved the draft scheme of amalgamation of Xenos Automotive Limited (a related party) with Pricol Limited effective 1st January 2014, a company engaged in manufacture and trading of vehicle accessories subject to the required approvals in the manner as required under the Companies Act and Securities and Exchange of Board of India (SEBI).
The Company had filed the Draft Scheme with BSE Limited (Designate Stock Exchange) and National Stock Exchange of India Limited as per SEBI circulars, for their 'No-objection' to the Draft Scheme. The Stock Exchanges had given their 'No-objection' to the draft scheme.
The Company is in process of filing necessary applications, petitions etc. with Honourable High Court of Madras for getting their approval.
Considering the above merger, based on the approval of the Board of Directors a sum of ₹ 30 Million has been funded to Xenos Automotive Limited, on the condition that in the event of the Scheme of Amalgamation not being effective, the amount advanced shall be repaid with a simple interest of 10%. p.a. The maximum amount outstanding during the year is ₹ 30 Million.
- 2.38. 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 2014" as given in the standalone financial statements of Pricol Limited.
- 2.39.** Previous year's figures are reclassified wherever necessary to conform to the current year's classification.
- 2.40.** All figures are in Rupees Million unless otherwise stated.

As per our report of date attached	For and on behalf of the Board		
For Haribhakti & Co.	Vijay Mohan	Vanitha Mohan	Vikram Mohan
Chartered Accountants	Chairman	Vice Chairman	Managing Director
Firm Regn. No.103523W			
C.S. Sathyanarayanan , Partner	J. Sridhar		T.G. Thamizhanban
Membership No. 028328	Chief Financial Officer		Company Secretary
Coimbatore, 29th May 2014			

Disclosure of Information relating to the Subsidiary Companies for the year 2013 - 14 as required by the Ministry of Corporate Affairs, Government of India vide their General Circular No. 2/2011, 8th February, 2011

Particulars	PT Pricol Surya, Indonesia	Pricol Asia Pte Limited, Singapore	Integral Investments Limited	Pricol Castings Limited
(a) Share Capital	128.538	15.038	22.500	330.275
(b) Reserves & Surplus	(83.248)	7.112	1.175	(149.620)
(c) Total assets	564.717	75.853	23.821	339.288
(d) Total liabilities	564.717	75.853	23.821	339.288
(e) Details of investments *	—	—	23.791	—
(f) Turnover	928.174	98.028	0.941	387.428
(g) Profit / (Loss) Before Tax	(92.964)	2.442	0.525	(76.522)
(h) Provision for Taxation	(1.528)	0.160	0.199	1.421
(i) Profit / (Loss) After Tax	(91.436)	2.282	0.326	(77.943)
(j) Proposed Dividend	—	—	—	—
(k) Reporting Currency **	Indonesian Rupiah (IDR)	Singapore Dollar (SGD)	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, 2014 : 1 INR = 188.68 IDR

The exchange rate as at 31st March, 2014 : 1 SGD = 47.52 INR

NOTES

A series of horizontal dotted lines for writing notes.