



pricol limited

(CIN: L33129TZ1972PLC000641)

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Forty-Third Annual General Meeting of the Shareholders of the Company will be held on Wednesday, 12th August 2015 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 2015 including Audited Balance Sheet as at 31st March 2015, 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 Mrs.Vanitha Mohan (DIN: 00002168), director, who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a director of the Company."

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

"RESOLVED that Mr.Vikram Mohan (DIN: 00089968), 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, pursuant to the provisions of Section 139 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, (including any statutory modifications or amendments or re-enactments thereof for the time being in force), M/s.Haribhakti & Co. LLP., Chartered

Accountants (ICAI Firm Registration No. 103523W), be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of this Annual General Meeting (subject to ratification of their appointment by Members at every Annual General Meeting to be held after this meeting) till the conclusion of the forty eighth (48) Annual General Meeting of the Company to be held in the Calendar year 2020, to examine and audit the accounts of the Company, on a remuneration of ₹ 3,000,000 (Rupees Three Million Only) plus applicable taxes and levies and actual expenses incurred by them in connection with the Statutory Audit for the financial year 2015-2016 which is excluding the fees payable for other permitted services as may be approved by the Board."

"RESOLVED FURTHER that the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution".

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s.STR & Associates, Cost Accountants (ICWAI Registration No: 000029), appointed as the Cost Auditors of the Company by the Board of Directors, for the conduct of the audit of the cost records of the Company for the financial year 2015 - 2016 at a remuneration of ₹ 500,000/- (Rupees Five Hundred Thousands Only) plus applicable taxes and levies and actual expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.

Coimbatore
25th May, 2015

By order of the Board
T.G.Thamizhanban
Company Secretary

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 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or member.

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 if any, 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 (VIII) (E) of the Listing Agreement are provided in the Report on Corporate Governance forming part of Annual Report 2015.
4. The Register of Members and Transfer Books of the Company will be closed from 7th August, 2015 to 12th August, 2015 (both days inclusive) for the purpose of Annual General Meeting.
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 the 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. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund established by the Central Government as per the provisions of the Companies Act.
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 2015 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 copy of the Annual Report for 2015 is 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 43rd Annual General Meeting and the Annual Report for 2014-15 is 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. Shareholders, intending to require information about the Financial Statements to be approved at the Meeting, are requested to inform the Company Secretary at least a week in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished
11. Electronic copy of the Notice of the 43rd 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 members who have not registered their email address, physical copies of the Notice of the 43rd 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, as amended the Company is pleased to provide the members with the facility to exercise their right to vote on the AGM subjects, by electronic means and the

business may be transacted through the e-voting Services provided by National Securities Depository Limited (NSDL).

- b) The facility for voting, through ballot paper shall be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
- c) The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- d) The facility for remote e-voting commences on 7th August 2015 (8.30 a.m.) and ends on 11th August 2015 (5.00 p.m. the date preceding the date of the AGM). During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 6th August 2015, may opt for remote e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently or cast the vote again.
- e) Any person, who acquires shares of the company and becomes a member of the company after dispatch of the Notice and holding shares as on the cut-off date i.e 6th August, 2015, may obtain the login ID and password by sending a request at "e-voting@nsdl.co.in" and "cs@pricol.co.in".
- f) Mr.P.Eswaramoorthy, Company Secretary in Practise has been appointed as the Scrutiniser to scrutinise the voting by electronic means and ballot paper, in a fair and transparent manner.
- g) The scrutiniser shall, after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than 48 hours of conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- h) The Chairman or a person authorised by him in writing shall declare the result of the voting forthwith. The results declared along with the scrutiniser's report shall be placed on the Company's website www.pricol.com immediately after the result is declared by the Chairman and shall be simultaneously communicated to NSE, BSE, NSDL & CDSL.
- i) In case of any grievances connected with the voting by electronic means, the members may contact the Company Secretary, Pricol Limited, CPM Towers, 109, Race Course, Coimbatore - 641 018. Phone : +91 422 4336223. E-mail : cs@pricol.co.in.

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 eswaracs@gmail.com with a copy marked to evoting@nsdl.co.in and investor@pricol.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.nsdl.com OR contact NSDL at the following Telephone No:022 24994600.

- j) 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.
- k) 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. The members who hold shares a on the cut-off date of

6th, August 2015 are eligible to exercise their right to vote through remote e-voting or voting through ballot at the Annual General Meeting. A person who is not a Member (not holding shares of the Company) as on the aforesaid cut-off date should treat this Notice for information purposes only.

- 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.

Statement of material facts concerning items of Special Business

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

Item No.5

The Board of Directors at their meeting held on 25th May 2015, appointed M/s. STR & Associates, Cost Accountants (ICWAI Registration No : 000029), as Cost Auditor of the Company, in terms of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and fixed a sum of ₹ 500,000/- (Rupees Five Hundred Thousands Only) plus applicable taxes and levies and actual expenses incurred by them in connection with the Audit of the Cost records of the Company for the Financial Year 2015-16.

The remuneration, as recommended by the Audit Committee and approved by the Board, is 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 as set out in item No: 5 of the Notice for your approval.

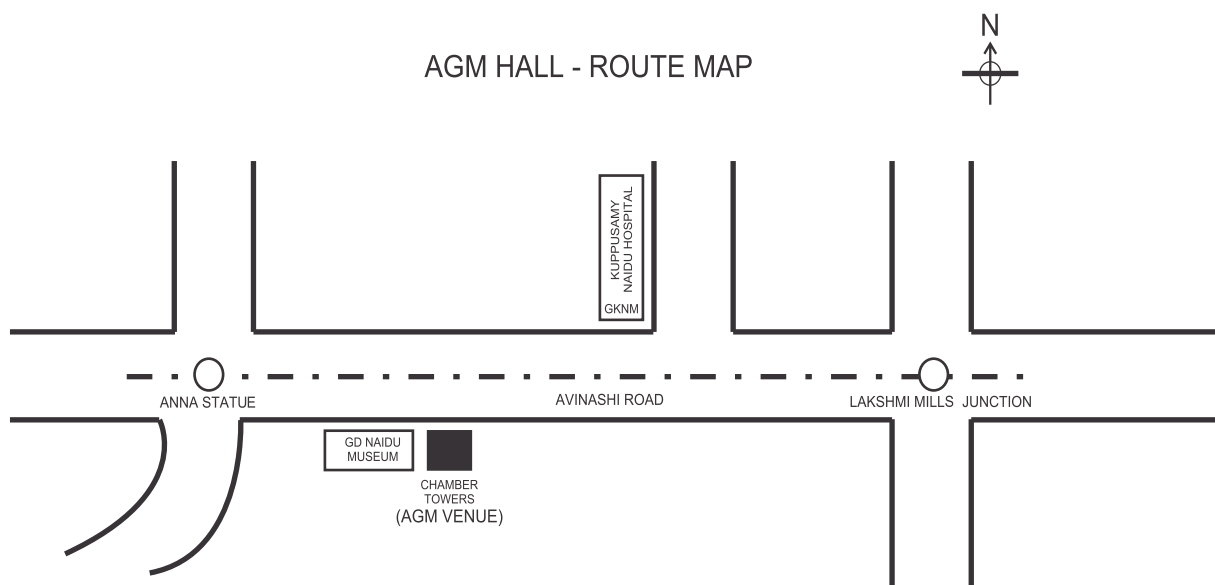
None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said resolution.

Coimbatore
25th May, 2015

By order of the Board
T.G.Thamizhanban
Company Secretary

★★★★★

AGM HALL - ROUTE MAP



BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. J. Sridhar

COMPANY SECRETARY

Mr. T.G. Thamizhanban

AUDITORS

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

BANKERS

State Bank of India	The Bank of Nova Scotia
HDFC Bank Limited	ICICI Bank Limited
Bank of Bahrain and Kuwait B.S.C.	

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, Mettupalayam Road,
 Perianaickenpalayam,
 Coimbatore - 641 020, India.

PLANT II

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

PLANT III

4/558, Mettupalayam Road,
 Chinnamathampalayam,
 Bililichi Village,
 Press Colony Post,
 Coimbatore - 641 019, India.

PLANT V

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

PLANT VII

Plot No.45, Sector 11,
 Integrated Industrial Estate,
 Pantnagar, SIDCUL,
 Rudrapur - 263 153, India.

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DIRECTORS' REPORT & MANAGEMENT ANALYSIS

Your Directors have pleasure in presenting the Forty Third Annual Report and audited accounts for the financial year ended 31st March, 2015.

FINANCIAL RESULTS

The summarised financial results are :

	2014-15	2013-14
Net Sales & Services		
- Domestic	7,842.345	6,899.647
- Export	1,162.545	1,402.783
Total	9,004.890	8,302.430
Profit from Operations before Finance Cost, Depreciation and Amortisation Expense & Exceptional Items	252.896	694.353
Less : Finance Costs	78.900	65.196
: Depreciation & Amortisation Expense	352.545	306.646
Profit / (Loss) from Operations before Exceptional Items and Tax	(178.549)	322.511
(2013-14 profit includes Profit of ₹ 114.206 Million from sale of land held as Stock-in-Trade)		
Add : Exceptional Items	(46.768)	516.334
Profit / (Loss) Before Tax	(225.317)	838.845
Less : Tax Expense		
Current Tax	12.903	173.882
Deferred Tax	(48.378)	41.000
MAT Credit	(12.903)	(62.678)
For earlier years	3.033	16.648
Profit / (Loss) for the Year	(179.972)	669.993
Add : Surplus - Opening	699.911	185.366
Less : Loss on Amalgamation from 1st Jan' 14 to 31st Mar' 14	11.393	—
Adjustment relating to Fixed Assets (Net of Deferred Tax)	36.164	—
Amount available for appropriation	472.382	855.359

DIVIDEND

To conserve the outflow of funds and use it for improving the operations of the Company, no dividend was recommended for the year 2014-15.

APPROPRIATION

₹ Million

	2014-15	2013-14
Dividend - Nil (Previous year- ₹ 0.80 per share of ₹ 1.00 face value)	—	75.600
Tax on Dividend	—	12.848
General Reserve	—	67.000
Surplus to be carried over	472.382	699.911
Total	472.382	855.359

AUTO INDUSTRY

During the year, the Auto Industry domestic market grew by 7.22% and exports by 14.89%. The overall growth was 8.32% as against 4.04% in the previous financial year. The performance as per Society of Indian Automobile Manufacturers (SIAM) is :

Category	Vehicles Sold		Growth
	2014-15	2013-14	2014-15
	In numbers		%
Passenger Car / Utility Vehicle	3,048,822	2,907,316	4.87
Vans	174,759	192,335	(9.14)
Medium & Heavy Commercial Vehicle	263,407	224,431	17.37
Light Commercial Vehicle	437,336	485,470	(9.91)
Motor cycles / Scooters / Mopeds	18,462,178	16,890,778	9.30
Three Wheelers	939,884	833,477	12.77
Total	23,326,386	21,533,807	8.32

OPERATIONS

For the financial year 2014-15, our Company's domestic sales increased to ₹ 7,842.345 Million from ₹ 6,899.647 Million, a growth of 13.66%, despite a growth of only 8.32% by the auto industry.

Our export sales decreased by 17.13% to ₹ 1,162.545 Million from ₹ 1,402.783 Million. There was a steep production drop in two wheelers of our Overseas OEM Customers, Kawasaki Thailand / Indonesia and Piaggio Italy. In addition, there was a drop in the export sales to Europe since the economy there is yet to fully recover.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

The overall sales of the Company increased by 8.46% to ₹ 9,004.890 Million from ₹ 8,302.430 Million, which is in line with the auto industry.

Reduction of sales in exports, after market and asset management systems, led to steep decline in profits. High increase in employee cost more than the normal levels was due to higher outflow in first year of long term wage settlement with Operators. These resulted in operational loss of ₹ 178.549 Million against the profit of ₹ 208.305 Million (excluding profit of ₹ 114.206 Million from sale of land held as Stock-in-Trade) in 2013-14.

For the ensuing year 2015-16, the Company's business is expected to grow higher than the market, mainly due to new businesses generated. The Company has embarked upon further improving operational efficiency, efforts to control cost and generate profits for the year 2015-16.

SUBSIDIARY COMPANIES

PT Pricol Surya, Indonesia

The Company's customers are 2 Wheeler manufacturers to whom Instrument Clusters are supplied.

In the financial year 2014-15 the Company has achieved a sales of Indonesian Rupiah 190,739 Million an increase of 12% over the previous financial year sales of Indonesian Rupiah 170,307 Million (In Indian Rupee the sales increased by 3.88% only to Indian Rupee 964.183 Million from Indian Rupee 928.174 Million due to depreciation of Indonesian Rupiah).

Due to steep increase in material cost, consequent to the Indonesian Rupiah depreciation against US Dollar and much higher than the normal increase in wages due to Government Policy, the Company has incurred a loss of Indian Rupee 118.862 Million. Increase could not be passed on to the Customers.

Efforts are being put to turn the Company profitable for the ensuing financial year. Towards this, the customers have already been approached to add more new products in the product range made by the parent Company, Pricol Limited in India. The techno-commercial discussions are in progress and the Company hopes to convert the same into business during the financial year 2015-16. As a beginning, the Company has received Purchase Order for the supply of Oil pumps to M/s. Suzuki, Indonesia.

Pricol Asia Pte Limited, Singapore

This purchasing arm of our Company mainly assists in global procurement of raw materials and components to supply our Company and associate companies.

In the financial year 2014-15, the Company achieved sales of ₹ 1,043.079 Million when compared with the previous year sales of ₹ 98.028 Million due to limited operations in the previous year. The Company was able to achieve a profit of ₹ 10.257 Million.

Pricol Espana Sociedad Limitada, Spain

During the year, Pricol Limited incorporated a Wholly Owned Subsidiary Company, Pricol Espana Sociedad Limitada, in Spain. It is an investment arm of Pricol to acquire companies in foreign countries. Pricol has infused capital of EURO 1.804 Million in the Company.

Pricol do Brasil Componentes Automotivos Ltda, Brazil

On 23rd January, 2015, through its Wholly Owned Subsidiary Company, Pricol Espana Sociedad Limitada, Spain, Pricol acquired 99.99% stake in Melling do Brasil Componentes Automotivos Ltda, Brazil, an auto component manufacturing Company. The acquisition cost is One Brazilian Real (R\$1). The name of the Company has been changed to Pricol do Brasil Componentes Automotivos Ltda.

The Company serves wide range of Domestic and International customers such as Volkswagen, FIAT, General Motors, Harley Davidson, Mack Trucks etc. The Company has a strong backward integrated facility with diverse manufacturing capabilities (Die Casting, Machining and Assembly) and extensive Testing and Validation facilities to provide end to end solution and add value to the Customer.

Pricol do Brasil is of strategic value to Pricol Limited as it gives Pricol access to a quality manufacturing footprint in Brazil and a good brand with strong technology and market leadership in the domestic market of Brazil. This acquisition will also give Pricol a reference to the customer programs which are launched elsewhere in the world and thereby could create a first mover advantage for Pricol.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

During the period from 23rd January 2015 to 31st March 2015, the Company had a turnover of ₹ 284.416 Million and incurred a loss of ₹ 65.307 Million. To turnaround the Company adequate steps are taken to increase the turnover and control cost.

Pricol Castings Limited

During the year 2014-15, the Company made a sales turnover of ₹ 228.562 Million against ₹ 387.428 Million during the previous year. The Company incurred a loss of ₹ 184.552 Million.

During the year, the Company was not able to achieve the expected turnover and customers were not willing to pay any price increases to offset the increase in costs. This resulted in cash loss for the Company and Pricol has been infusing funds to keep the Company afloat. The management and board of Pricol after detailed deliberations decided to suspend the operations of the Company, since it was felt that further infusion of funds will not result in any improvement in operations of the Company. Taking into consideration the commitments to customers, operations were reduced slowly from July 2014 until the Customers developed alternate sources. The operations were suspended from December 2014. The settlement with Labour is yet to be completed.

Integral Investments Limited

A Wholly Owned Subsidiary made a profit of ₹ 2.893 Million during the financial year 2014-15.

Shanmuga Steel Industries Limited

A Wholly Owned Subsidiary of Integral Investments Limited filed for Striking Off its name from Ministry of Corporate Affairs (MCA) on 10th March 2014, under Exit Scheme. It has been Struck Off from the register of MCA on 13th June, 2014.

JOINT VENTURES

Johnson Controls Pricol Private Limited

The Joint Venture supplies Instrument Clusters to Personal Passenger Car and Utility Vehicles manufactured by Renault Nissan, Tata Motors, Mahindra & Mahindra, General Motors India, FIAT India and 2 Wheelers by Bajaj Auto in the Western Region.

The sales decreased from ₹ 1,029.610 Million to ₹ 979.960 Million due to the reduction in passenger vehicle sales of Tata Motors and Mahindra & Mahindra. Increase in input costs could not be passed on to the customers and product mix change-over resulted in a loss of ₹ 66.900 Million before amortisation of goodwill.

The Joint Venture partner, Johnson Controls Inc., USA exited their automotive electronics business worldwide. Consequently, as per the Termination Agreement dated 15th April, 2015, Johnson Controls Enterprises Limited, UK (JCEL) sold its 50% of shareholding in the JV to Pricol Limited on May 6, 2015 for a consideration of ₹ 200.237 Million. Subsequent to the acquisition, the JV, became the Wholly Owned Subsidiary Company of Pricol Limited.

Denso Pricol India Private Limited

The Joint Venture performance did not improve as envisaged and continued to incur losses. The projections for the future years were also not encouraging. Therefore it was decided to exit from the JV.

On 17th March, 2015 Pricol Limited sold its 49% of shareholding in Denso Pricol India Private Limited to Denso Corporation, Japan for a consideration of ₹ 200 Million. Subsequent to the sale the Company became the Wholly Owned Subsidiary Company of Denso Corporation, Japan.

AMALGAMATION

The Hon'ble High Court, Madras has sanctioned the Scheme of Amalgamation of Xenos Automotive Limited with Pricol Limited on 1st December, 2014 and a copy of the Order of the Hon'ble High Court in this regard was received by the Company on 16th December, 2014.

Consequent to the merger, 296,721 equity shares of ₹ 1/- each of the Company was allotted to shareholders of Xenos, in ratio of 1 equity share of ₹ 1/- each of Pricol for every 122 equity shares of ₹ 10/- each of Xenos. Paid-up equity share capital of our Company increased to ₹ 94.797 Million from ₹ 94.500 Million.

OUTLOOK, OPPORTUNITIES, CHALLENGES, RISKS & CONCERNS

The automotive industry continued to show a sluggish trend during 2014-15 and this is expected to continue till

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

the first half of 2015-16. Commercial vehicle is expected to revive from second half of 2015-16. The major concern is drop in sales in two wheeler and tractors from the last quarter of 2014-15 primarily due to slow down in demand in the rural segment. Overall the industry is expected to grow by 5% to 6% during 2015-16.

Pricol is expected to grow more than the auto industry due to opportunities in its new range of products.

There is a growing demand for Telematics, a high end electronics product, in the Construction equipment segment. Pricol has now a matured product to cater to this growing demand.

With International Purchasing Office opening up aggressively in India by global players, there is a good opportunity for Pricol to sell its range of products to the same customer in multiple geographies. Pricol has won a global contract for Oil and Water Pumps with Renault for their new A Entry vehicle which is common in India, Europe and Brazil.

RISK MANAGEMENT

The Company has constituted a Risk Management Committee and adopted a Risk Management Policy, for identifying and managing risk, at the strategic, operational and tactical level. The Risk Management policy has been placed on the website of the Company and the weblink there to is <http://www.pricol.com/Risk-Management-Policy.pdf>. Our risk management practices are designed to be responsive to the ever changing Industry dynamics.

At present the Company has not identified any element of risk which may threaten the existence of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems have 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 its meetings regularly reviews 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 remained unpaid or unclaimed as at 31st March, 2015 is Nil. There is no default in repayment of deposits or payment of interest thereon during the year.

The Company undertook several steps to keep a control over borrowings and cost of borrowings.

ICRA has reaffirmed the credit rating of "A-" for Long term fund based facilities and "A2+" for short term fund based & non fund based facilities.

The particulars of Loans, Guarantees and Investments made by the Company under Section 186 of the Companies Act, 2013 are given in Note No. 2.54 to the Financial Statements.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. During the year there were no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company at large.

DIRECTORS' REPORT & MANAGEMENT ANALYSIS (Contd.,)

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status and the Company's operations in future.

DIRECTORS

As per the provisions of Section 149 of the Companies Act, 2013, the amended Clause 49 of the Listing Agreement and the Company's Directors retirement policy at the age of 70, the Members of the Company had at the AGM held on 8th August 2014, re-appointed the independent directors as mentioned below:

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

All Independent Directors have given declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

None of the Directors of the Company have resigned during the year.

Mrs.Vanitha Mohan and Mr.Vikram Mohan who are Non-Independent Director's retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

EVALUATION BY THE BOARD

The Board has made a formal annual evaluation of its own performance, Committees of the Board, Independent Directors and Individual Directors of the Company.

The Board's performance was evaluated based on the criteria like Structure, Governance, Dynamics & Functioning, Approval & Review of Operations, Financials, Internal Controls etc.

The performance of the Independent Directors as well as Individual Directors including the Chairman of the Board were evaluated based on the evaluation criteria laid down under the Nomination and Remuneration

Policy and the Code of Conduct as laid down by the Board.

The Committees of the Board were evaluated individually based on the terms of reference specified by the Board to the said Committee. The Board of Directors were satisfied with the evaluation process which ensured that the performance of the Board, its Committees, Independent Directors and Individual Directors adhered to their applicable criteria.

KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company as stipulated under the Companies Act, 2013 are Mr.Vikram Mohan, Managing Director, Mr. K.U.Subbaiah, Chief Executive Officer, Mr. J.Sridhar, Chief Financial Officer & Mr.T.G.Thamizhanban, Company Secretary. Mr. K.U.Subbaiah has expressed his desire to retire as CEO of the Company effective end of May, 2015. The Board places on record its warm appreciation for the contributions rendered by Mr. K.U.Subbaiah over the past three years.

STATUTORY AUDITORS

M/s.Haribhakti & Co. (the name has been changed to M/s.Haribhakti & Co. LLP) the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. M/s.Haribhakti & Co. LLP are eligible for re-appointment and have confirmed that their re-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. LLP, have already served as the Company's Statutory Auditor for a period of 5 years, from 2010-11. They are eligible for re-appointment as Statutory Auditors of the Company for a further period of 5 years.

Your Board recommends the re-appointment of M/s.Haribhakti & Co. LLP, as Statutory Auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the fifth consecutive AGM to be held in the year 2020 (subject to ratification of the appointment by the members at every AGM held after the ensuing AGM).